

Australia	\$250	Indonesia	\$200	Pakistan	\$100
Belgium	\$150	Israel	\$100	Philippines	\$100
Canada	\$150	Japan	\$100	Poland	\$100
Denmark	\$150	Korea	\$100	Portugal	\$100
France	\$150	Malaysia	\$100	Spain	\$100
Germany	\$150	Mexico	\$100	Sweden	\$100
Greece	\$150	Norway	\$100	Switzerland	\$100
Hong Kong	\$150	Peru	\$100	Taiwan	\$100
India	\$150	Romania	\$100	Thailand	\$100
Italy	\$150	Saudi Arabia	\$100	Turkey	\$100
Japan	\$150	Singapore	\$100	USA	\$100
Korea	\$150	Sri Lanka	\$100		
Malaysia	\$150	Taiwan	\$100		
Mexico	\$150	Thailand	\$100		
Norway	\$150	Turkey	\$100		
Peru	\$150	USA	\$100		
Philippines	\$150				
Poland	\$150				
Portugal	\$150				
Saudi Arabia	\$150				
Singapore	\$150				
Sri Lanka	\$150				
Taiwan	\$150				
Thailand	\$150				
Turkey	\$150				
USA	\$150				

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year

Wednesday March 4 1992

Page 13

JAPAN

Land of rising investment promise

Page 13

World News

Concessions by Bosnia reduce fears of civil war

The immediate threat of civil war in the Yugoslav republic of Bosnia-Herzegovina yesterday receded after armed Serb nationalists lifted their barricades from around Sarajevo, the capital, following concessions by the Bosnian government.

The concessions will allow Moslems, Serbs and Croats the republic's three main ethnic groups, time to consider if and how the referendum on independence can be implemented. Page 13

Price of asylum

The largest industrialised countries last year spent an overall \$7bn-\$8bn on dealing with asylum-seekers from the Third World and eastern Europe, according to informal estimates by an international government-backed immigration secretariat in Geneva. Page 3

Likud's harder line

Hardliners were in firm charge of the ruling Likud party of Yitzhak Shamir, Israel's prime minister, after completing victory in elections for the party's list of candidates for the June general election. Page 4

Bush's veto threat

President George Bush promised to veto legislation that would increase taxes on the wealthy, as the Senate pressed forward with just such a measure. Page 5

Hungary's avoidance purge

Hungary's constitutional court blocked trials of communists who murdered and sold out their country to the Soviet Union in the early years of the former dictatorship. Page 3

Helicopter 'shot down'

Armenia accused Azerbaijan of shooting down a military helicopter carrying mainly women and children near the Azeri town of Kelibazhar. There were reports of substantial injuries. Page 6

Pension age protest

Ninety-one women whose employer raised their pension age from 60 to 65 without their consent are being backed by the UK's Equal Opportunities Commission in a claim of unlawful sexual discrimination. Page 6

Honecker out of hospital

Former East German communist leader Erich Honecker left hospital in Moscow after undergoing medical examinations. He is believed to have returned to the Chilean embassy where he has given refuge since December. Page 14

Cameron election

Cameron's ruling party, the People's Democratic Movement headed by President Paul Biya, won a narrow majority in the country's first multi-party parliamentary elections for 30 years. Page 15

Olympics drive

The attempt by Manchester, the northern English city, to stage the Olympic games in the year 2000 will be supported by 34 leading companies in the region. Page 6

Kwisa win again

New Zealand beat Zimbabwe by 48 runs in a rain-restricted World Cup one-day cricket match to record their fourth consecutive win in the competition. New Zealand led in the cup three points ahead of England and Sri Lanka. Page 15

Business Summary

Bank of England faces criticism over BCCI fraud

The Bank of England faces sharp criticism from an all-party House of Commons committee for failing to take prompt action over fraud at the Bank of Credit and Commerce International.

The conclusions of the report are also expected to criticise the accountancy firm Price Waterhouse for failing to identify the scale of fraud at BCCI before the bank collapsed in July 1991. Page 12

WALL STREET: Dow Jones

Industrial Average closed up 14.98 points at a record 3,230.25.

US ECONOMY: A sharp rise

in the rate of leading indicators and a jump in home sales signalled that the early stages of a US economic recovery could be under way. Page 12

CHRISTIANIA BANK: Norway

is expected to announce a further cash transfer to the bank and demand it implement tougher measures to improve margins and efficiency. Christiania Bank is expected to show a 1991 pre-tax loss of Nkr6bn (\$881m). Page 13

BTX, UK industrial conglomerate

has dropped plans to create a global electrical engineering business following its victory in the £1.5bn (\$2.6bn) takeover of Hawker Siddeley. Page 13

SULZER Brothers, Swiss engineering group

and Ebara, leading Japanese pump maker, have agreed to take 5 per cent share stakes in each other. Page 13

ASEA BROWN BOVERI

Swiss-Swedish electrical engineering group, is putting up for sale its global instrumentation business, based in the UK. Page 13

GERMAN PRIVATISATION

Treasury privatisation agency said it would write off more than DM4bn (\$600m) in debts and sell off the core of the state-owned telecommunications industry this month, probably to Volkswagen of West Germany. Page 2

INDIAN ECONOMY: The rupee

is expected to rise 1 per cent against the dollar while the Bombay Stock Market index continued to climb following presentation of the national budget. Page 4

NISSAN, Japanese carmaker

is to begin exporting engines from its UK car plant to Spain for a range of vehicles to be launched this year. Page 5

BRITISH AEROSPACE, UK defence equipment and aircraft manufacturer

has beaten fierce international competition to win an order worth \$770m (\$970m) to supply new six combat missiles for the Royal Air Force. Page 6

BERTELSMANN, German media and entertainment group

is to pay \$119m for a 44-storey office block in the heart of New York's Times Square district. Page 14

ITT sells stake in Alcatel for FF18.7bn

By Alice Rawsthorn in Paris and Martin Dickson in New York

ALCATEL-ALSTHOM, the French telecommunications equipment group, is buying the 30 per cent stake held in Alcatel, its main telecommunications subsidiary, by ITT, the US conglomerate, in a deal worth FF18.7bn (\$3.6bn).

The acquisition marks the end of a six-year partnership between Alcatel-Alsthom and ITT.

It also represents a significant change in strategy for ITT, which has been examining ways to boost its lacklustre share price.

Alcatel-Alsthom will pay FF12.3bn cash in three instalments for the stake. ITT will also take a 7 per cent holding in Alcatel-Alsthom, making it the second largest shareholder after Societe Generale, the French bank.

The deal surprised and pleased Wall Street, where ITT's shares rose \$2.74 in morning trading to \$69.75 amid speculation that this might be the first of a number of restructuring moves by the company.

ITT's shares had already advanced strongly from around \$60 over the past week following publication of an interview in the Financial Times with Mr Rand Araskog, chairman, in which he said he was considering a number of options to make the company "more exciting to the investment community".

Alcatel-Alsthom and ITT came together in 1986 when they merged their telecommunications interests in Alcatel, enabling it to outstrip American Telephone & Telegraph as the world's single biggest manufacturer of telecommunications equipment.

ITT, whose origins lay in the telecommunications business, retained a 37 per cent stake in the combined operation - later reduced to 30 per cent - while its French partner held just over 36 per cent.

Under the terms of the original agreement each partner could exercise pre-emptive rights if the other sold all or part of their shares. Alcatel-Alsthom decided to do so when

Lex Page 12

ITT informed it that it wanted to sell its shares.

Alcatel, which is the largest single part of Alcatel-Alsthom, made net profits of FF4.08bn in 1990, and recently reported an 18 per cent increase in sales to FF109.7bn in 1991.

Alcatel-Alsthom is funding the share purchase with debt, increasing its gearing from 15 to 26 per cent. Mr Pierre Suard, chairman, described this level of gearing as "reasonable" and stressed the deal would not dilute earnings per share.

ITT said it would record an after-tax gain of about \$400m. Some analysts were surprised the figure was not higher, but the company faces a steep US tax bill on the deal.

The company said it would consider several options for use of the funds, including buying back stock or paying down debt. It added: "This is the first concrete example of our willingness to make the company more exciting and we will continue to consider all options in the long-term best interests of the company and its shareholders."

In his FT interview Mr Araskog gave no hint of the Alcatel sale but said other theoretical options to boost the share price could include splitting off the group's financial services operations or its ITT Sheraton hotel group.

Wall Street was left wondering yesterday whether the Alcatel sale would turn out to be the company's main share boosting initiative, or merely the prelude to other types of action.

Some analysts had been arguing for months that the sale of the Alcatel stake would take ITT a long way towards its goal of a 15 per cent return on equity.

Alcatel-Alsthom said yesterday's deal would make no difference to the Bush administration's exercise of pre-emptive rights if the other sold all or part of their shares. Alcatel-Alsthom decided to do so when



Bill Clinton, Democratic presidential hopeful (left) has a private word with Senator Sam Nunn while inmates of a training camp for minor offenders at Stone Mountain, Georgia, parade behind them. Bush to veto higher taxes on rich. Page 5

Bank of Spain forced to rescue Banco Ibercorp

By Tom Burns in Madrid

THE BANK OF SPAIN was forced yesterday to rescue Banco Ibercorp, an investment bank linked to several prominent members of Spain's financial establishment.

The financial regulators have moved quickly following a series of damaging allegations in the Spanish press and the breakdown of takeover negotiations between Ibercorp and Banco Inversio, a rival financial services institution.

The Bank of Spain said it was intervening to "prevent

the grave financial deterioration of Ibercorp and to safeguard shareholders' interests.

Ibercorp's mutual fund deposits have reportedly dropped to Ptas1.1bn (\$10.7m) from Ptas3.5bn, and it has been unable to renew credit lines on the interbank market.

At the centre of the Ibercorp scandal are press allegations that the institution was adept at insider dealing and protected a privileged group of shareholders among whom

in public life. Yesterday's intervention is especially embarrassing for the governor of the Bank of Spain, Mr Mariano Rubio, whose share portfolio was handed by Ibercorp's chairman, Mr Manuel de la Concha, a longstanding friend.

Mr Rubio presented his resignation two weeks ago but it was turned down by the government. He then set about attempting to sell Ibercorp to the leading retail banks, each of whom had a stake in the institution.

Continued on Page 12

IMF faces cash shortage as US considers quota rise

By George Graham and Michael Prowse in Washington

THE International Monetary Fund's prospects of winning its \$60bn funding increase this year appear to be dwindling as a result of mounting hostility in the US to foreign aid.

The Bush administration has asked Congress to approve the funding for the \$12bn US share of the increase but has not yet pressed hard in the face of opposition by both Republicans and Democrats in Congress.

Without the extra money the IMF could face a serious cash shortage later this year as it attempts to meet growing loan demands, especially from Russia and other former Soviet republics.

Congressmen and congressional staff assistants said attempts to pass legislation authorising the increase, which would boost the IMF's capital base by 50 per cent, appear virtually dead for this year.

Administration officials, however, said negotiations were not yet over. "They want certain things which may not

be appropriate right now. That doesn't mean we view it as about to die or dead for the year," one said.

The administration's reluctance to push hard has been reinforced by Mr Patrick Buchanan, President George Bush's isolationist challenger for the Republican party's presidential nomination. He has denounced foreign aid in general and the IMF funding in particular.

Democratic congressmen have been wary of repeating their experience with the last IMF quota increase: they voted it at the Republican administration's request, only to find themselves under attack from Republican opponents in the subsequent elections for pouring money abroad.

The IMF funding has also been complicated by a dispute between the Bush administration and the Israeli government over Israel's request for \$10bn of loan guarantees to help it absorb up to 1m immigrants from the former Soviet Union. This dispute has tied up

this year's foreign aid bill - the natural home for the IMF quota legislation.

Most other IMF member countries have already approved their contributions to the quota increase but under IMF rules the overall increase cannot go ahead unless approved by countries representing 85 per cent of voting power. The US has 19 per cent.

The IMF has headroom for future lending of only about \$15-\$20bn, which could easily be absorbed in loans for the former Soviet republics.

The Congress still stands a slim chance of passing a for-ward funding bill before the current funding expires at the end of this month, if a settlement can be reached on the Israeli loan guarantees.

But even if an aid bill is put forward neither Senator Leahy nor Congressman David Obey, his opposite number in the House of Representatives, currently plan to include the IMF quota increase.

RAISED IN THE HIGHLANDS.



THE FAMOUS GROUSE

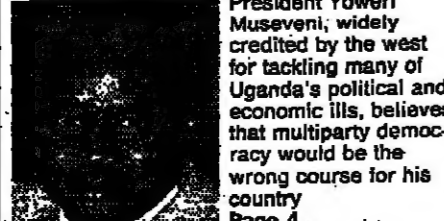
FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

CONTENTS

UK banks: Response of the clearing banks to a set of poor results	10
Taiwan: Government reconstruction plan makes virtue out of necessity	5
French politics: Spectre of Le Pen stalks Marseilles ghetto	3
Russia: Quick to learn the shadier side of capitalism	4
Mexico: Settling out to rewrite conventional wisdom	7
Tokyo: Pollution: Clear skies through long-term vision	8
Survey: European finance and investment: Portugal	21-25
International: 3-5	Companies 19-20
USA: 14-17	Acts Guide + Reviews 26
Europe: 18	Commodities 26
World Trade 18	Crossword 34
Britain 18	Currencies & money 34
	Editorial Comment 10
	Gold 26
	Int. Capital Markets 38
	Stock Marketsworld 38
	London 37
	Technology 4
	Univ. Times 30-32
	World Index 38

Museveni sets himself against Africa's multiparty trend



President Yoweri Museveni, widely credited by the west for tackling many of Uganda's political and economic ills, believes that multiparty democracy would be the wrong course for his country. Page 4

MARKETS

STERLING		DOLLAR		STOCK INDICES	
New York	\$1.7385 (1.7533)	New York: close	DM1,6375 (1.64325)	FT-SE 100: Yield 4.80	2,565.4 (+11.1)
London	\$1.74 (1.7555)	DM1,6375 (1.64325)	FF1,6315 (1.6385)	FT-A All-Share:	1,230.64 (+0.3%)
DM2.88 (same)		Y130.085 (129.67)	Y130.085 (129.67)	FT-SE Eurotrack 100:	1,178.04 (+7.27)
FF19.7875 (2.1225)		DM1,6555 (1.6405)	FF1,6315 (1.6385)	FT-A World Index:	143.77 (-0.8)
£ Index 90.5 (90.6)		FF1,6315 (1.6385)	Y130.8 (129.65)	New York:	DJ Ind. Av. closed (+14.98)
GOLD		£ Index 90.5 (90.6)	Y130.8 (129.65)	S&P Comp	412.85 (+0.4)
New York Comex Apr	\$351.4 (352.5)			Tokyo: Nikkei	21,051.71 (-436.11)
London	\$351.75 (350.65)			3-month Treasury Bill:	4.118% (4.127%)
N SEA OIL (Argus)				Long Bond:	10% (same)
Brent 15-day Apr	\$17.225 (17.425)			100% (101.2)	
Chief price changes yesterday: Page 13				yield: 7.916% (7.897%)	
				Jun 92% (Jun 92%)	

EUROPEAN NEWS

Treuhand to sell ailing shipyards

By Leslie Collitt in Berlin

THE Treuhand privatisation agency, under pressure from striking east German shipyard workers, yesterday said it would sell off the core of the ailing Baltic ship-building industry this month, probably to Vulkan of west Germany.

Mr Wolf Schöde, spokesman for the east German agency, said the Treuhand would have to write off more than DM1bn (\$800m) in debts and provide large state investments prior to any sale.

Despite the likely sale, nearly 10,000 employees of the three main shipyards and a diesel engine plant continued an occupation strike which began last week. The strike had been designed to prevent the state government of Mecklenburg-Vorpommern and the Treuhand from selling off parts of the industry while letting the core collapse.

Mr Schöde said a rival bid by Kvaerner of Norway for east Germany's largest shipyard, Warnowwerft, would create Europe's largest shipbuilders, but "leave the brains in Oslo". He suggested a bid by MAN of Germany for a ship's engine plant in Rostock would be turned down.

Berlin walled in with problems

Leslie Collitt reports on the city's struggle to live up to its new status

AT THE height of the Cold War, Berlin was as much a symbol of a city with its division clearly marked by the Wall and the sectoral boundaries between the allied and Soviet zones. After almost two years of unification Berlin is still a symbol - but of the painful economic and social struggle to unite the disparate halves of Germany.

Berlin's infrastructure, housing and officials appear unable to cope not only with the challenge of unification, but also with the city's transformation into a capital which befits Europe's most powerful economy. A good many Berliners are using words such as "crisis", "chaos" and even "dangerous" to describe the city's economic and political malaise.

Part of the problem stems from Berlin's recent history as an economic backwater of west Germany and the hub of east Germany's centrally planned economy. The western half attracted those keen to flee Frankfurt and other West German cities for a more sedate life in a highly subsidised city. But it lost many of its more ambitious young people to careers in West Germany. Communist East Berlin, in contrast, was a haven for those seeking a career in state bureaucracy.

"We are paying the price of having been drained for decades of our political and economic elite," said Mr Kurt Kasch of Deutsche Bank in Berlin. He said investors were avoiding Berlin in favour of east Germany, where greenfield sites are available and labour more easily motivated.

He blamed the city administration for failing to tackle festering problems: a critical housing shortage, traffic-clogged streets, an urgently needed administrative reform and delays in choosing the site of a new international airport.

The government and parliament are not expected to complete their move to Berlin until the end of the decade. Meanwhile, the city's demands for fresh subsidies to cope with its changing role suspiciously echo its previous reliance on federal support for 60 per cent of the city's budget.

Critics such as Herr Kasch believe that Berliners will eventually generate enough

dynamism to overcome the present inertia. But this will mean wrenching changes for its pampered inhabitants.

Residents worry that growing social tensions in both east and west Berlin may explode in the interim. They condemn the city's anemic and faceless coalition government of Christian Democrats and Social Democrats for having paralysed decision-making.

City officials reply that Berlin is forced to accomplish in a relatively short time what other cities had decades to achieve.

Much of the gloom stems from the realisation that rising unemployment in east and west Berlin is not likely to be short-lived.

Ms Angelika Heinrich, like most of the 117,357 newly unemployed east Berliners - 17.2 per cent of the working population - said she was bitterly disappointed in what the social market economy had brought her. With other unmarried working mothers ousted by the former communist regime, she now saw "no future" after being sacked from her job last December in the Narva lightbulb factory.

In 1989, 30,000 east Berliners worked in the grimy cable and electricals factories of Oberschöneweide where the streets are named after Edison and Volta. There will soon be fewer than 5,000 jobs.

"The whole industrial base here is being rolled flat," said Mr Lutz Eppelstein, chairman of the works council at the TRO transformer plant.

Unemployment would be even higher in east Berlin and Brandenburg if it were not for the estimated 130,000 easterners who commute to work in west Berlin. But even in west Berlin industrial jobs are being lost more quickly than service jobs can be created. Nearly 105,000 west Berliners are without jobs - 10.6 per cent - and the trend is rising.

Yet the city had 6.5 per cent economic growth in 1990 and 4 per cent last year, largely because of a boom in spending by east Berliners - often using state unemployment benefits from Bonn.

Manufacturers in formerly walled-in

west Berlin flourished with the help of investment incentives and up to 10 per cent VAT rebates from Bonn. These and the income tax benefits enjoyed by Berliners are being phased out by 1994 and several large companies such as Standard Elektrik Lorenz plan to move out to the Brandenburg surroundings or, like Bosch and Siemens, will slim down production in Berlin.

"We face a dramatic structural problem," Mr Uwe Petersen of the Berlin Economic Promotion Office warned.

The expected boom in the service sector to replace subsidised manufacturing has not taken place and much of the blame is being placed on the serious shortage of both affordable office space and housing in Berlin. Although many newly arrived German government officials are to be housed in the more than 6,000 flats and hundreds of villas occupied by the western allies - who depart in 1994 - the pent-up demand among Berliners for lower-income flats is expected to far outstrip the ability of the city to provide them.

Building activity in east Berlin, both commercial and housing, is virtually nonexistent because of conflicting property claims by previous owners dispossessed under the Nazis and the communists.

Mr Falk Jesch, head of the city-owned housing company in east Berlin's Mitte district, forecast that the lack of private investment meant even repairs to the facades and roofs of long-neglected apartment buildings, 50 per cent of them with conflicting title claims, will halt when public funds are exhausted this year.

Legal conflicts are especially prevalent in Mitte where nearly 1,000 properties are estimated to have had Jewish owners who often sold under duress in the 1930s.

Both Mr Jesch and Mr Hans Peter Pleitner, a leading Berlin property auctioneer, held out little hope that legal measures by Bonn to speed up the processing of property claims and facilitate investments would bring a solution as long as the government clung stubbornly to the principle that restoring property to former owners takes precedence over indemnifying them.



Diensthier: Czechoslovakia not facing a Yugoslav-style crisis

Czechoslovakia 'must continue to be factor for stability'

By Anthony Robinson and Andrew Gowers in London

THE unresolved constitutional and political problems in Czechoslovakia led President Vaclav Havel to warn recently that the federal state of Czechs and Slovaks was "like a ship sailing through a dangerous storm".

Prominent among the shoals lies a general election campaign which will be fought largely on the future of the federal state and relations between the Czech and Slovak components. The wider question, however, is whether the country remains a factor for stability in central Europe or becomes a destabilising force in an already turbulent area. Mr Jiri Dienstbier, the federal foreign minister, said yesterday.

Splitting up the federal state "would completely change the geo-political situation in central Europe," he warned. "From our perspective we have to look at everything against the possibility of a belt of total chaos east of our boundaries." The key objective must be to preserve Czechoslovakia as an

GM head expects drop in W Europe vehicle sales

By Kevin Done, Motor Industry Correspondent, in Geneva

WEST European new car sales are expected to fall to around 13.2m this year from 13.42m in 1991, Mr Robert Eaton, president of General Motors Europe, said yesterday.

GM Europe, which has been one of the least protectionist car makers in west Europe, also signalled a significant toughening of its stance against the Japanese car industry yesterday.

While Japanese productivity was high, he claimed there was "reason enough" for the European car industry to "maintain its self-confidence".

"There is no reason to believe the future of the European industry will depend on copying Japanese systems," he said. "Europe should stop placing the Japanese car industry on a pedestal."

Mr Eaton said GM had made significant improvements in the productivity of its west European vehicle operations.

The stance of GM, the makers largest vehicle maker against Japanese competitors has toughened in recent months in the face of the company's record losses in North America. In an attack on the Japanese industry, Mr Eaton

claimed that Japanese car makers benefited from "different cultural, social and societal systems, from lower wages and longer working hours, from the long-standing support of and close co-operation with their government, from import barriers that protected their national industry and their profitability for decades, and which are only now being gradually removed."

Mr Eaton said UK new car sales were forecast to rise in the second half of the year to 1.7m compared with 1.68m last year. UK new car sales peaked at 2.3m in 1989.

New car sales in Germany were expected to fall by around 13.5 per cent to some 3.8m from 4.4m in 1991.

The Italian market is expected to be unchanged at the 1991 level of 2.34m, while new car sales in France are forecast to recover in the second half of the year to reach around 2.15m compared with 2.05m last year.

General Motors, the US car company, is set to receive Sch600m (252m) in public sector subsidies for the Sch44m expansion of its engine plant in Vienna, writes Eric Frey in Vienna.

Mr Ferdinand Lachner, Austria's finance minister, has agreed to pay Sch450m in grants from the federal budget for the project, a ministry spokesman said. The city of Vienna will add another Sch150m. In return GM is expected to boost the number of jobs at the plant to 3,000 from 2,500.

Spanish new car sales are forecast to rise by more than 7 per cent to some 950,000 from 886,000 in 1991.

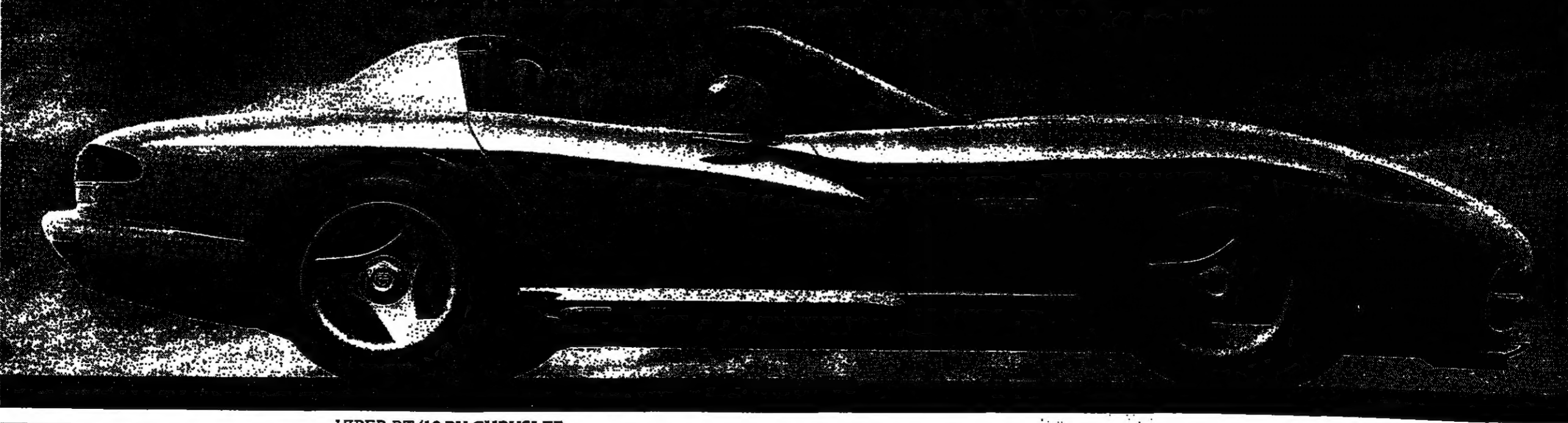
GM is increasing its vehicle production capacity in Europe by around 25 per cent by the mid-1990s. Mr Eaton said production would start next week at the company's assembly plant in Hungary, while engine output would begin there in the early summer.

The Financial Times (Europe) Ltd. Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Neuer Platz 3, 6000 Frankfurt-am-Main 1. Telephone 49 69 156850; Fax 49 69 364481; Telex 416193. Represented by E. Ruge, Frankfurt/Main, and as members of the Board of Directors, R.A.F. McLean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hilfstrasse, 6078 Neu-Isenburg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd. 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 108 Rue de Rivoli, 75004 Paris Cedex 01. Tel: (01) 4297 0521; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Editeur, 15/21 Rue de Cam, 91000 Rodolphe Cedex 1, ISSN 0950 1148-2753. Commission Paritaire No 6780803.

Financial Times (Scandinavia) Vimeus-Skaflet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935333.

IN THE CAR BUSINESS, YOU LEAD, FOLLOW, OR GET OUT OF THE WAY.



VIPER RT/10 BY CHRYSLER

THE LINE FORMS HERE.

This is the Viper RT/10 by Chrysler, the first of 19 totally new cars that will come from Chrysler Corporation in the next four years. Later this year, there will be a new generation Jeep. And next year, a new line of family sedans that will define the way cars are built into the next century. They will be built by what is rapidly becoming the newest car company in America. A company that has been totally restructured. Organized into four streamlined platform teams: large car, small car, minivan and truck. Each team has complete responsibility for a vehicle, from the time designers make their first sketches until it ends up

in your garage. Chrysler's an organization that has made a heavy investment in new facilities.

Everything from a one billion-dollar automotive technology center in Auburn Hills, Michigan to two of the most modern assembly plants in the world. Chrysler is a company poised to take itself through the 1990's and beyond. To do this, we are building cars that will compete with anything the world has to offer. This is a serious commitment. You are cordially invited to stay around and watch us deliver on it. In the years ahead, Chrysler doesn't plan to follow. And we sure won't have to get out of the way. That means there's only one alternative left.

 **CHRYSLER**

This vehicle is not yet available in Europe.

EUROPEAN NEWS

Asylum-seekers cost west \$7bn last year

By David Marsh, European Editor

THE largest industrialised countries last year spent an overall \$7bn-\$8bn (\$4bn-\$5.5bn) on dealing with asylum-seekers from the Third World and eastern Europe, according to informal estimates by an international government-backed immigration secretariat in Geneva.

This is roughly one-seventh of total annual development aid made available to the world's poorest nations by the rich western countries, which totalled \$45bn in 1990. The total spent on asylum seekers appears to have been more than 50 per cent higher than in 1989. This underlines the sharply growing administrative and social security costs of processing immigrants seeking refuge in the west from a variety of war-torn and economically distressed countries.

The main destination for asylum-seekers - above all from Romania and Yugoslavia, as well as countries in Africa and Asia - was Europe. The 13 western European countries in the secretariat received 543,600 asylum applications last year, up 27 per cent from the 1990 total of 428,100.

The costs of asylum include amounts spent in areas as diverse as housing, sustenance, legal expenses and aid workers' salaries.

They cover the more than 1m people whose applications for asylum are being dealt with by western legal and immigration authorities. Governments

ASYLUM APPLICATIONS IN INDUSTRIALISED NATIONS			
	1991	(per 1,000 popn.)	1990
Australia	16,000	0.9	3,600
Austria	27,300	3.6	22,800
Belgium	15,200	1.5	13,000
Canada	31,000	1.2	36,000
Denmark	4,600	0.9	5,300
Finland	2,100	0.4	2,500
France	46,600	0.8	58,000
Germany	258,100	3.9	193,000
Italy	31,700	0.6	4,700
Netherlands	21,800	1.4	21,200
Norway	4,800	1.1	4,000
Spain	5,100	0.2	8,800
Sweden	28,900	3.1	28,000
Switzerland	41,600	6.2	38,000
UK	57,700	1.0	30,000
US	70,000	0.3	74,000

Source: Inter-governmental Interior Ministers' Secretariat

generally do not like to give wide publicity to the figures, reflecting political sensitivities in a number of countries.

In Germany - which accounts for roughly 40 per cent of all asylum requests in the west - the latest published figure, from the Bonn Interior Ministry, puts overall asylum costs, for 1989, at DM4bn (\$2.4bn).

In view of the doubling in asylum applications in Germany during the last three years - from 121,000 in 1989 to 258,100 last year - the actual 1991 cost was substantially higher, totalling at least \$4bn, according to estimates by German officials.

A total of 660,000 people last year applied for asylum in a group of 16 industrialised

nations which constitute the main destination for migrants fleeing from poor political or economic conditions in their homelands.

This was 22 per cent up on the total of 540,000 in 1990, according to figures assembled by the secretariat of the 16 countries' interior ministries, set up last summer to work on the asylum problem.

The governments are trying to find more constructive uses for the money spent on coping with asylum seekers.

Countries such as Sweden and Germany are exploring methods of pinpointing areas in eastern Europe, for instance, for tailor-made development aid aimed at persuading potential immigrants to stay at home.

Spectre of Le Pen stalks Marseilles ghetto

William Dawkins records the advance of the French National Front in regional polls

IN THE Maghreb ghettos in the northern suburbs of Marseilles, parents warn their children that if they do not go to bed on time, Jean-Marie Le Pen will come to get them.

The extreme right-wing National Front (FN), which Mr Le Pen leads, has made Provence Alpes Côte d'Azur (Paca), the Mediterranean region of which Marseilles is the capital, its main battleground for regional elections on March 22. Paca and Marseilles in particular are fertile ground for the FN's anti-immigrant policies, with the region's blend of high immigration and heavy unemployment.

"The old right, anti-Semitic and xenophobic, have traditionally been strongest here... Yet this is also one of the most cosmopolitan regions of France," says Mrs Edmonde Charles-Roux, the writer who is widow of the resistance hero and former Socialist mayor of Marseilles, Gaston Defferre.

So it is that the FN has been getting 27 per cent of the vote in recent opinion polls in Paca; roughly twice its score in the rest of France and only three points behind Paca's ruling conservative UDF-RPR coalition.

The FN is also well ahead of the 18 per cent of millionaire businessman and Marseilles football club owner Bernard Tapie, standing as an independent supporter of President François Mitterrand.

Marseilles was where the FN first made its mark, when it started getting more than a quarter of the votes in central parts of the city in the 1985 cantonal polls.



Le Pen: to many voters, a "knight on a white horse" unscathed by scandals

Among its core supporters are former French settlers in Algeria, or *pieds noirs*, who returned to France in the early 1960s after Algerian independence. But as elsewhere in France, the FN has also attracted protest votes, against the perceived dullness of the mainstream parties' policies and their failure to tackle unemployment.

In Paca, the FN has also had the good luck to escape the recent political scandals which followed the brief arrest of the head of staff of Mr Jean-Claude Gaudin, the conservative president of the region, over an alleged attempt - denied - to discredit Mr Tapie. Against this murky background, Mr Le Pen looks like "a knight on a white horse" to many voters, says one commentator.

But Mrs Charles-Roux sees a "real parallel" with the rise of Nazism, for her a frightening childhood memory as daughter of the French ambassador to

Prague in the 1930s. "Young people have no point of reference. They simply don't realise the danger," she warns.

Mr Robert Vigouroux, the city's left-wing mayor, believes the FN could be in part a temporary phenomenon, but still argues that there is a worrying parallel with the rise of fascism in the poorer regions of southern Italy - for similar reasons - in the 1930s.

"It just goes to show that it is a mistake for the government to forget the south," Mr Vigouroux warns.

So it is no surprise that FN's top men, Mr Le Pen and his deputy Mr Bruno Megret, have both seized on Paca as the ideal place to make their mark and are standing in the region's two biggest *departements* or districts.

Their message is as extreme in Paca as anywhere else: "Marseilles has always been a gateway to the orient. But it must be a gateway through

which people leave, not enter," says Mr Ronald Perdomo, an FN regional councillor.

The FN is the third group on the regional council after the UDF-RPR and the Socialists. Observers believe they have a real chance of getting a small relative majority on the council this time if there are many abstentions.

"It is a serious risk because FN voters will always turn out, while the abstentions will come from the centre," says Mr Vigouroux. But even if the FN does not end up as the largest party, it could easily be so close behind the centre right that the regional council will be hard to govern - and local UDF-RPR politicians insist that they are not prepared to strike an alliance with Mr Le Pen.

"That is unthinkable," says Prof Jean-François Mattel, a UDF member of parliament for central Marseilles.

To the casual visitor, Marseilles does not look like a hot-

bed of extremism. Certainly, the acres of empty warehouses along the quays testify to the slow death of its port and some areas are desperately poor. But it is notable that the city has not been touched by the outbreaks of urban violence that have marred less poor parts of France over the past two years.

The number of immigrants in the region is only slightly above the national average at 7 per cent of the population, according to Insee, the state statistics body, though the FN claims that it is more than double that. Unemployment, at 11.6 per cent, is two points above the national average.

Paca's problem is that it not only has France's fastest growing population but is also its most urbanised region, with nearly 80 per cent of the people living in the big port cities. Of course, the poverty is concentrated, with joblessness rising above 40 per cent in some city areas, and all this is next door to some of France's plush resorts.

As elsewhere in France, the regional election result will have more national than local importance. The powers of regional councils are limited: mainly high schools and roads, which are hardly likely to excite the populace at large - and the election is being fought on national issues.

Paca is the main indicator of how the FN will do in general elections next year, the European poll in 1994 and the presidential election in 1995. "We are at the beginning of what could be a complete change in the French political landscape," says Prof Mattel.

Hungarian court blocks communists' trials

By Nicholas Denton in Budapest

HUNGARY'S constitutional court yesterday blocked trials of communists who murdered and sold out their country to the Soviet Union in the early and most brutal years of the former dictatorship.

The judges unanimously threw out the government-supported Zetenyi-Takacs amendment, crippling the right-wing drive for Nuremberg-style trials.

The court deemed unconstitutional the amendment's suspension of the statute of limitations on crimes of murder and treason which were allowed to expire by the former regime.

Yesterday's decision lifts the threat of prosecution from communists who had a

hand in the violent suppression of Hungary's 1956 uprising who were the most obvious targets of the Zetenyi-Takacs amendment.

The judgment stops in its tracks the conservative government's Justice plan to compensate the victims of the communist regime, and punish and purge those who persecuted them.

The plan has repeatedly run up against constitutional principles when it has been translated into law.

Mr Arpad Goncz, the president, had opened the way for a compromise under which old communist criminals would be exposed but not prosecuted.

Demands for retribution are weaker in Hungary than in neighbouring countries. The communist regime became liberal in its later days and now stability, the main condition of economic recovery, is given top priority.

Attention now turns to the government's proposal to purge former agents of III/IV, the hated internal security arm of the communist secret police. The bill to vet political, business and media leaders for secret service links goes before parliament for voting this month. Opposition MPs have questioned whether it is legal to discriminate for membership of an organisation which was legitimate at the time.

Commission comes under pressure over carbon tax

By David Buchanan in Brussels

BRUSSELS is coming under growing pressure, from outside and inside the EC, not to go it alone in proposing a new tax to penalise carbon dioxide pollution.

Officials from the Gulf Co-operation Council, representing Saudi Arabia and five smaller Gulf oil producers, met the European Commission this week to express their concern at the EC executive's announced intention to pro-

pose a "carbon tax" in advance of this summer's world environmental summit in Brazil.

The GCC countries fear such a levy could hit their oil exports to the EC, with which it is negotiating eventual free trade.

The GCC said they would prefer a global discussion, involving all energy producers and consumers, on the impact of energy use on the environment.

Baltic states seek renewal of trade and cultural ties

By David Buchanan in Brussels

AFTER a break of nearly 70 years, foreign ministers from the 10 countries surrounding the Baltic Sea will renew historic trading and cultural ties at a conference in Copenhagen this week, writes Xueling Lin in Copenhagen.

The conference, which opens tomorrow, is expected to set up a regional organisation, the Council of the Baltic Sea States, to promote co-operation in a wide range of fields, including political and eco-

nomic affairs, trade, the environment, energy and transport.

"The purpose of the Council is to create a political forum which will be the driving force behind future political development in the region," said Mr Uffe Ellemann-Jensen, Danish foreign minister.

The conference will be attended by foreign ministers from Denmark, Germany, Finland, Russia, Sweden, Poland, Norway, Estonia, Lithuania and Latvia.

The same thing that many other of America's most prominent corporations

are doing - taking advantage of the

unparalleled investment opportunities

WHAT IS GENERAL MOTORS DOING IN GERMANY?

available in the New Federal States. In fact, in 1991, some of the most

important companies in the United States made significant investments in

Germany, including:

American Express

Burger King Corp.

The Coca-Cola Co.

Digital Equipment

Eaton

Hewlett-Packard

IBM

Johnson Controls

NCR Corp.

Procter & Gamble

Rank Xerox

R.J. Reynolds Tobacco Int'l., Inc.

Tishman Speyer Properties

Woolworth Corporation

For more information on investment incentives and other important aspects of direct investment, contact Ken Bremer at the **Foreign Investor Information Center** in Berlin at 011-49-30-39985-100.

THE **NEW** FEDERAL STATES OF GERMANY

A World of Opportunity in the Heart of Europe

EUROPEAN NEWS

Ukraine MPs refuse to take IMF medicine

By Chrystia Freeland in Kiev

UKRAINE'S parliament yesterday jibbed at the IMF prescription for its economy, objecting to proposed pay cuts and threatening to reintroduce price controls - a big step back to central planning.

Ukraine reluctantly freed prices in January, acting only when radical Russian reforms forced it to follow suit, and has yet to produce a comprehensive economic reform programme of its own.

The parliament's move came after the radical labour minister introduced a bill to cap the amount enterprises can spend on wages. This proposal, recommended by the International Monetary Fund to stop an inflationary spiral, provoked the deputies' anger.

Although there has been no brake on rising wages in the dominant state sector despite a fall in production, political considerations outweighed economic logic. MPs rejected the proposal and instead demanded that any cap on wages be matched by reintroduction of price controls.

The cabinet of Prime Minister Vitold Fokin, the former head of the Ukrainian central

planning committee under communist rule, is likely to welcome a return to price regulation. Popular discontent has been aroused by price liberalisation. Monopoly enterprises have raised prices.

The IMF is likely to be disappointed. Ironically, the parliament is today due to vote on a radical privatisation package, which together with freed prices, would lay the foundations for a true market. If state controls are reintroduced now it will be politically difficult to free prices a second time.

Meanwhile, Mr Jean-Claude Trichet, French treasury director representing the Paris Club of western creditor governments, yesterday met Mr Fokin to discuss payment of Ukraine's 16.37 per cent share of Soviet debt.

There have been signs that Ukraine, which wants to pay independently, and the Paris Club, which wants the former Soviet republics to assume collective responsibility for the debt, might reach a compromise whereby Ukraine would take responsibility for the debt of some smaller republics but pay separately from Russia.

Russians quick to learn shadier side of capitalism

Corruption is rife, and the newly independent states lack laws to tackle it, reports Leyla Boulton

ON THE DAY Russia's privatisation minister, Mr Anatoly Chubais, announced he had sacked his deputy for sanctioning the embezzlement of state property, his two small sons were involved in a car crash.

In western Europe, this would have been a coincidence. In Russia, probably not. In a tranquil office overlooking the Kremlin and the Bolshoi ballet, Mr Mikhail Gurtovoi, head of the Russian government's new anti-corruption team, keeps a pistol in his drawer. He is convinced the accident was organised to frighten Mr Chubais off his campaign for a clean privatisation process. "It would cost only \$10,000 to hire an assassin to get rid of me," he says with a grin.

Having exposed several crooked deals during his previous career as a journalist, Mr Gurtovoi says his mission is to save his country from "shocking corruption". He reports directly to Mr Yegor Gaidar, Russia's deputy prime minister for economic reform, who has made fighting corruption a key priority lest it stifle his bold efforts to switch to a market economy.

As any foreign or Russian businessman will confirm, bribe-taking and embezzlement are flourishing as never before. Mr Gurtovoi's 10-man team includes former KGB officers and elite investigating magistrates such as Mr Vladimir Kalinichenko, who made his name uncovering high-level scandals during the communist era. Rather than catch all the corrupt officials in Russia, the role of this elite group is to pinpoint specific malpractices and advise the government on how to legislate and enforce the law.

An attempt, uncovered last week, by defence plant managers and former Communist party officials to transfer valuable state assets into a joint stock company called KOLO which they owned is just one manifestation of the corruption permeating society, says Mr Gurtovoi.

The KOLO deal itself is unlikely to have broken any written laws - the country may have had communist laws against economic sabotage, but to date has no laws against either corruption or tax evasion.

Although the team will now investigate this deal to shed light on so-called "nomenklatura" privatisation, whereby officials acquire state assets at well below their value, it claims to have already stopped a major currency swindle involving \$300m and the worldwide narcotics business.

RIDDECTION LIMITED
HSN1,000,000,000
Floating Rate Bonds due 2000
Guaranteed by
THE DEVELOPMENT INTERNATIONAL LIMITED

Notice is hereby given that for the interest period from 1 March 1992 to 31 August 1992 (both dates inclusive) the interest rate has been fixed at 7.50% per annum. Interest payable on 1 September 1992 at 11.00% and 11.50% for the periods 1 September 1992 to 31 August 1993 and 1 September 1993 to 31 August 1994 respectively.

Wardley Limited
Agent Bank

Armenia yesterday accused Azerbaijan of shooting down a military helicopter carrying mainly women and children, the independent Interfax news agency reported.

Interfax quoted Armenia's interior ministry as saying the large helicopter was on a flight from Stepanakert, chief town of disputed Nagorno-Karabakh, to Armenia. It said the aircraft came down near the Azeri town of Kelbadzhar.

"According to the ministry's information, the helicopter was carrying mainly women and children, was hit by fire from Azeri armed units," it said. There was no information on casualties.

Earlier armed groups and civilian protesters halted the withdrawal of Red Army troops from the base in Stepanakert. Armenian residents say only the army can prevent an all-out Azerbaijani attack.

Mr Gurtovoi and his colleagues say many of the schemes are destined either to discredit the government or to manipulate exchange rates to keep the rouble weak.

This particular swindle, foiled two months ago, apparently went as follows. A group of crooked commercial banks, joint ventures, and former party and KGB officials, approached Russian enterprises and collected \$200m in deposits. They then used the money to buy shares in a company called KOLO, which they owned. To this apparently honest pile of money, they added \$100m in need of laundering because it had been misappropriated by the Communist party or the KGB or simply stolen.

The \$200m was set aside to pick up property on the cheap as privatisation gathered pace. This would have been bought on behalf of foreign partners and Russian comrades who would have included the purchase of hotels, factories and narcotic-processing facilities in the former Soviet Union.

The spin-off for the Russians was not only the chance to launder illegal funds, but also to obtain access to hard currency abroad. This came in the form of \$1.5bn deposited in accounts for the Russians by their foreign partners, who in turn benefited from a particularly favourable exchange rate to pick up bargains in the former Soviet Union.

Help in tracking down similar deals is only one reason Mr Gaidar has hired New York-based Kroll Associates - the corporate investigations firm which took on the hunt for funds sent away by the likes of Duvalier and Saddam Hussein. Its other tasks will include tracking down Communist party money, and millions of dollars kept abroad by state enterprises seeking to avoid tax.

President Boris Yeltsin will pay a state visit to the US on June 16-17 to review "the ever-strengthening relationships between the two countries." President George Bush said yesterday, Reuter reports from Washington.

INTERNATIONAL NEWS

Indian rupee slips 9.4% as stocks soar after budget

By David Housego in New Delhi

THE Indian rupee depreciated by 9.4 per cent against the dollar in money transfer operations yesterday when foreign exchange markets reopened in India after presentation of a new national budget on Saturday and a bank holiday on Monday.

The Bombay Stock Market (Sensx) index, however, continued its giddy ascent, rising to a new peak of 3457 in acclamation of the budget and the boost it gave to the development of the capital markets. The index has risen 23 per cent since the budget and about 80 per cent since the beginning of the year.

The slide in the rupee follows the announcement made by Dr Manmohan Singh, the minister of finance, in the budget that the rupee would become partially convertible with 60 per cent of foreign exchange remittances exchangeable at a new market determined rate.

The new open market rate yesterday levelled out at \$1-29.5 as against an official rate of \$1-25.32. Under the new partially floating system, foreign exchange holders are required to change the remaining 40 per cent of a remittance or traveller cheque at the official rate.

Dr Singh told a foreign press lunch in Delhi that he regarded the floating rate as a step to full convertibility "once we get the fiscal situation under control". The government's target is to reduce the budget deficit to 4 per cent of gross domestic product (GDP) over the coming years as compared with a deficit this year of 6.4 per cent. He said the government wanted to move towards dismantling foreign exchange controls.

Dr Singh sought to minimise the inflationary impact of the depreciation, saying that this "would not be very significant". He said that the 20

per cent devaluation of the rupee in July had not had as strong an impact as had been anticipated on manufactured prices.

India's inflation rate has come down to 12 per cent from a 16.7 per cent high in August. But it is still well above the 9 per cent that the finance minister had originally projected for the end of the current financial year.

Bankers yesterday believed that the rupee would depreciate marginally further because dollar demand in Delhi was unusually weak yesterday. The depreciation benefited exporters

less than other holders of foreign currency. This is because exporters had previously been entitled to an exemption - on a part of their export earnings - and which they could sell at a premium.

Difficulties in administering the export system were a leading factor in pushing the government to move more rapidly to a partial floating of the currency. The exemption system limited the volume of imports to the availability of foreign exchange through export earnings.

See World Stock Market reports



Mr Yitzhak Shamir electioneering yesterday in northern Israel. His defeat of party moderates could prove costly.

Hardliners strengthen grip on Likud

By Hugh Carnegie in Jerusalem

HARDLINERS were yesterday in firm charge of the ruling Likud party of Mr Yitzhak Shamir, the Israeli prime minister, after completing a resounding victory in elections for the party's list of candidates for the general election in June.

But the marked rightward shift in the Likud orchestrated by Mr Shamir and his allies in more than a week of bitter feuding was won at the expense of two important party factions whose angry disaffection could prove costly in the election against a revitalised Labour opposition led by Mr Yitzhak Rabin, the newly-elected leader.

Mr Shamir and Mr Moshe Arens, his defence minister, combined forces with Mr Ariel Sharon, the hardline housing minister, to ensure that the Likud's ranked list of 51 candidates was dominated by their supporters.

MENACHEM BEGIN CRITICALLY ILL

Mr Menachem Begin, former Israeli prime minister who negotiated the Camp David peace agreement with Egypt, was critically ill last night after a heart attack at his Tel Aviv home, writes Hugh Carnegie. The condition of Mr Begin, aged 75 and a near

recluse since he resigned as premier in 1983, was said to have improved during the day. But he remained unconscious and was on a respirator. Mr Begin won the Nobel peace prize jointly with the late President Anwar Sadat of Egypt for the 1979 accords.

The losers were Mr David Levy, the foreign minister and champion of the large Sephardi, or Oriental Jewish faction in the Likud, and a group of liberals.

The results were a clear assertion of supremacy by those who have flatly refused to offer any compromise on the claim to perpetual Israeli rule over the occupied territories in the current Middle East peace

process and those - like Mr Sharon - who have opposed the talks altogether.

But the outcome opened up deep splits within Likud which was formed from a coalition of forces in the 1970s under former prime minister Menachem Begin, himself gravely ill yesterday after a heart attack. Sephardi party members were furious at what they saw as a crushing of their interests by

the Shamir-Arens-Sharon alliance which represents the old Ashkenazi, or European leadership.

In his time, Mr Begin was always careful to court Sephardi support, recognising its role in bringing the Likud to power in 1977. On Monday night, however, his son Yoram Begin, a senior Likud MP, was booed and jostled out of an attempt to calm a meeting of Mr Levy's angry supporters.

Mr Levy accused his rivals of "destroying the Likud", prompting Mr Shamir to issue public assurances that Mr Levy's positions as deputy prime minister and foreign minister would still be his if Likud won the election. He brushed aside threats from Levy supporters to defect to the Labour party, saying the divisions would soon be smoothed over.

Doubts grow over US guarantees for Israeli loans

By Roger Matthews in Washington

EFFORTS in Washington to patch together a compromise over the \$10bn (\$5.7bn) loan guarantees sought by Israel appear to be failing, amid fresh controversy over the US administration's intentions, including a report that Washington may cut its annual aid.

Mr James Baker, US secretary of state, announced last week that the administration would not approve the loan guarantees while Israel continued to build new settlements in the Arab territories occupied since 1967. His statement, which coincided with the opening of the fourth round of bilateral Middle East peace talks in Washington, was bitterly denounced by Israeli ministers.

Senator Patrick Leahy, who chairs the Senate subcommittee on foreign aid, has now admitted that wide differences are blocking the path to a possible compromise. In comments to reporters, he suggested even more controversially that Mr Baker had suggested making cuts in the annual \$3bn that Israel receives in military and civil aid from the US.

Mr Baker said last week that, if Israel wished only to complete housing under construction on the West Bank

and in Gaza, it might be possible to do a deal on loan guarantees. He suggested deducting the costs of completion from the amount of the loans the US would guarantee.

Senator Leahy said on Monday night that one of the biggest differences between his compromise ideas and those of the administration's was that Mr Baker had proposed to make the deductions not from the loan guarantees but from annual aid appropriations.

The State Department quickly denied this, repeating Mr Baker's statement that no conditions should be attached to Israel's annual aid appropriation. However, a spokesman for Mr Leahy insisted yesterday that the senator's "stuck firmly with his assertion."

Mr Leahy added that the whole question of political conditions being attached to foreign aid had further complicated the issues. "Some in Congress still want to give basically a blank cheque, he said. 'I'm not going to vote for a blank cheque in foreign aid for any country. I don't care whether it's Israel, Russia or any other country. I'm not going to do that, nor is the administration.'"

Palestinians set out plan

By Roger Matthews, Middle East Editor, in Washington

THE Palestinians yesterday submitted to Israel and the US what it described as a comprehensive and detailed plan for an interim self-governing authority on the occupied West Bank and Gaza.

Mrs Hanan Ashrawi, the Palestinian spokeswoman, said it was an historic document of great significance. "If the Israelis reject this then they will be rejecting the whole basis of the peace process."

The proposals which provide for elections to a Palestinian authority that would take

broad responsibility for governing the occupied territories are certain to be turned down by Israel. The outline of the plan was put forward by the Palestinian delegation in January. Israel complained then that it opened the door to a Palestinian state, something which it has always opposed.

Mrs Ashrawi added yesterday that she hoped for an initial Israeli response to the 16-page detailed plan at today's negotiating session which is scheduled to be the final meeting of the present series.

Australian current account result prompts growth hopes

By Emilia Tagaza in Canberra

AUSTRALIA'S current account deficit in January was below the psychological barrier of \$1.5bn (\$400m), fueling further expectations of a gradual recovery from the recession.

The statistics bureau yesterday reported a January deficit of \$886m in seasonally-adjusted terms, up 44 per cent on December's \$599m, but the provisional trend estimate shows a 5 per cent fall on the December estimate, representing a third successive monthly decline.

However, both the government and the markets remained restrained in their

optimism, preferring to wait for more definite signs in the national accounts due later this month.

Economists generally see a very modest growth in domestic production in the quarter to December. A second set of figures released yesterday supports this expectation, showing that stock levels remained constant in the quarter to December after falling steadily in the past 18 months.

Meanwhile, foreign debt at the end of December stood at \$144.5bn, up 4.3 per cent on the level at the end of the previous quarter.

Kenyan mothers' protest stopped

RIOT police clubbed four women unconscious and fired shots into the air in Nairobi's central Uhuru (Independence) Park to disperse a group of women hunger-striking and several hundred supporters. Reuter reports from Nairobi.

Witnesses said police waded into the group of about 50 women - many of them mothers of prisoners - who began a hunger strike on Friday with an appeal to Mr Moses Wako, the attorney-general, to release 52 people they say are in jail for political offences. AP adds: New US development aid to Kenya has ended under US legislation which bans aid that food aid to countries six months late on loan payments.

Libya takes Lockerbie row to international court

By Our Foreign Staff and Agencies

LIBYA yesterday asked the International Court of Justice in The Hague to intervene in its dispute with the US and Britain over their demand for extradition of the alleged Lockerbie bombers.

The Libyan ambassador to Brussels and The Hague, Mr Mohamed Sharaf Edine El Fattouri, said he had delivered an "official complaint" from the Libyan government to the court. Libya's mission at the UN said it was asking the court to resolve the dispute and to take "appropriate interim action" regarding the

extradition case.

The US and Britain have threatened unspecified reprisals against Libya unless it hands over two Libyans accused of the bombing. The latest court move is likely to be seen as further evasion.

Britain meanwhile said Libya's President Muammar Gaddafi's claim to have broken links with the Irish Republican Army "falls far short" of its demands that Libya renounce backing for terrorism. UK officials welcomed Mr Gaddafi's criticism of the IRA, but said words alone were not enough.

Tunisian use of torture 'routine'

By Mark Nicholson, Middle East Correspondent

TUNISIA is accused of illegally detaining thousands of political opponents, most of them members of a proscribed Islamic group, in centres where "torture has become routine", in a report released today by Amnesty International, the human rights group.

Amnesty says 8,000 suspected members of the al-Nahda group had been arrested in 18 months, many held for months in breach of Tunisia's law limiting imprisonment without access to family or lawyers to 10 days.

Tunisia's prolonged imprisonment of detainees, Amnesty says, has become a routine without access to family or lawyers to 10 days.

Corruption remains widespread and a December 1991 Amnesty International report accused the Army of "torturing, executing and detaining people".

Mr Museveni said: "We have tried to respect human rights. Where violations have taken place we have taken action. I wouldn't like to see Amnesty as not a serious group but all they seem to do is reproduce the accusations of bandits."

Such problems are likely to continue taxing the ingenuity of Mr Museveni at least until 1994 when presidential elections are due. He said he was unsure if he would stand. "If I do, it will only be for one term. If Uganda isn't stable by then, then I don't see why I should devote the rest of my life to it. I have other things to do. After all, if a company does not break even in 15 years, it will never be viable, will it?"

Museveni sets himself against the multi-party wind

Uganda's president will not win the plaudits on democracy he has on the economy, writes Joel Kibazo

UGANDA'S President Yoweri Museveni has firmly set himself against the prevailing wind of multi-party politics blowing across the African continent. For Uganda it would be a "diversion" and the wrong course, he says.

The president, widely credited by multilateral agencies and the west for tackling the political and economic ravages inflicted by his predecessors, is unlikely to win similar plaudits for this view.

"In our country parties are a basis for division on tribal and religious lines," Mr Museveni said in an interview. "More than 90 per cent of our people are peasants and their problems are to do with selling their crops and access to education. It is easier for people to belong to one mass movement like the [ruling] National Resistance Movement."

"Parties are not synonymous with democracy," he added.

Mr Museveni suspended party political activity - parties were not banned outright - soon after coming to power in 1986. He followed this by inviting the parties and tribal factions to join his NRM in forming a broad-based government. His aim was to achieve the reconciliation and political stability that deserted Uganda during the ruinous reign of Idi Amin



Museveni: 'parties are not synonymous with democracy'

and Milton Obote during the 1970s and early 1980s.

"Even in those countries in Africa which have adopted multi-partyism [such as neighbouring Kenya, Tanzania and Zambia], I doubt if the experiment is sustainable. We have seen it all before in the 1960s but where did it take Africa? The whole thing just collapsed. I hope to be proved wrong but I just don't see

multi-partyism as the best route."

"One only has to look at the progress Uganda has made over the last six years by harnessing the diverse elements. So I say no to multi-partyism but yes to democracy."

Yet, paradoxically, a multi-party movement may be the result of the president's own democratisation measures. Soon after coming to office, he introduced a grassroots democratic system involving the election of so-called "resistance councils" (RCs) in villages, parishes, counties and districts. The RCs in turn elect a member to represent them in the National Resistance Council, the 268-member national legislature, which also includes 20 presidential nominees.

Several RCs, which held elections this week, are known to favour a return to multi-party democracy. Political parties, such as the Democratic party, have also called for the lifting of the suspension on multi-party activity.

The political debate is likely to reach a head in December when an independent commission drafting a new constitution is due to report. Mr Museveni has indicated he would abide by the commission's decision.

The current political debate, however, is unlikely to overshadow Mr Museveni's impressive list of achievements on the economic front. Gross domestic product has increased by 6 per cent for each of the past five years; inflation has been cut from its 1983 peak of 240 per cent to about 35 per cent in 1991; inefficient state monopolies have been abolished; and a new investment code and privatisation programme have been introduced.

Most of this radical overhaul has been with the help of a stringent World Bank structural adjustment programme.

The World Bank says it is "optimistic" about the outlook for the economy and is soon to release \$25m to cover the next 18 months of the structural adjustment programme and \$50m for privatisation.

One area of prime concern is falling revenues from Uganda's main foreign exchange earner, coffee - largely the consequence of the collapse of the International Coffee Agreement in 1989 which aimed to support prices through an export quota system. Coffee earnings have slumped from about \$250m in 1989 to \$140m last year and now account for some 70 per cent of total export earnings, down from 97 per cent in 1987.

At the same time the government has sought to ease dependence on coffee exports by encouraging produc-

tion of other crops such as bananas, pineapples, beans and sesame seed and cotton. Last year, exports of these crops totalled \$60m.

The immediate problems of the economy however are dwarfed by the ravages wrought by AIDS. More than half a million people are reported to be HIV positive of a population of about 17m. The disease is described by the authorities as their greatest social problem.

Corruption remains widespread and a December 1991 Amnesty International report accused the Army of "torturing, executing and detaining people".

Mr Museveni said: "We have tried to respect human rights. Where violations have taken place we have taken action. I wouldn't like to see Amnesty as not a serious group but all they seem to do is reproduce the accusations of bandits."

Such problems are likely to continue taxing the ingenuity of Mr Museveni at least until 1994 when presidential elections are due. He said he was unsure if he would stand. "If I do, it will only be for one term. If Uganda isn't stable by then, then I don't see why I should devote the rest of my life to it. I have other things to do. After all, if a company does not break even in 15 years, it will never be viable, will it?"

AMERICAN NEWS

Gotti aide reveals Mafia secrets to murder trial

By Alan Friedman in New York

US prosecutors hope to make more progress in the battle against organised crime following revelations about the structure of the Mafia by a top-ranking member of the Gambino family, the biggest crime "family" in the US.

The revelations came during testimony in the Brooklyn trial of Mr John Gotti, the reputed Mafia head of the Gambino family, who is known as the "Dapper Don".

Mr Gotti, who has escaped conviction in three earlier trials, is accused of ordering five murders, extortion, illegal gambling and obstruction of justice. The most important of the murder charges concerns the 1985 shooting of Mr Paul Castellano, the previous head of the Gambino crime family.

Mr Salvatore Gravano, who has been identified by US

officials as Mr Gotti's second-in-command or consigliere, described in detail on Monday how he and Mr Gotti spent 10 months planning the assassination of Mr Castellano.

Mr Gotti remained silent, with a tense smile, as his former lieutenant described how he had been inducted into the Mafia in 1976 in a blood ceremony and how by testifying he had broken the Mafia's traditional pledge of omertà, or code of silence.

"John was the boss. I was the underboss. I helped John run the family," Mr Gravano explained, before describing a pattern of loan-sharking, armed robberies and his own participation in 19 murders.

US prosecutors have agreed to reduce Mr Gravano's own prison sentence to 20 years in exchange for his turning state's witness.

Not since the 1985-86

Palermo maxi-trial has a top-ranking Mafia insider in the US or Italy broken the code of silence and provided law enforcement officials with such a detailed portrait of how organised crime works.

While prosecutors hope Mr Gravano's testimony will play a key role in convicting Mr Gotti, they also hope to make use of less public leads to further their campaign against the Gambino and other US Mafia families, whose annual revenues total billions of dollars.

Prosecutors have taken special precautions to isolate and protect members of the Gotti jury. They have argued that Mr Gotti's criminal organisation has a history of influencing jury members not to convict him and recently brought a bribery charge against a former member of a jury that acquitted Mr Gotti in an earlier trial.

Indians win a valley in Chile

By Leslie Crawford in Santiago

THE CHILEAN government has for the first time assumed the defence of Indian rights by purchasing a disputed valley in the southern Andes to save a clan of Pehuenche Indians from being evicted from their ancestral lands.

The government agreed late on Monday to pay \$6.15m to the landowners of the Quinquen valley. The deal was struck less than 24 hours before an eviction order against 150 Pehuenche "illegal squatters" was due to take effect. Most of the valley will now become a protected Indian reservation - the first to be established in Chile in over a century.

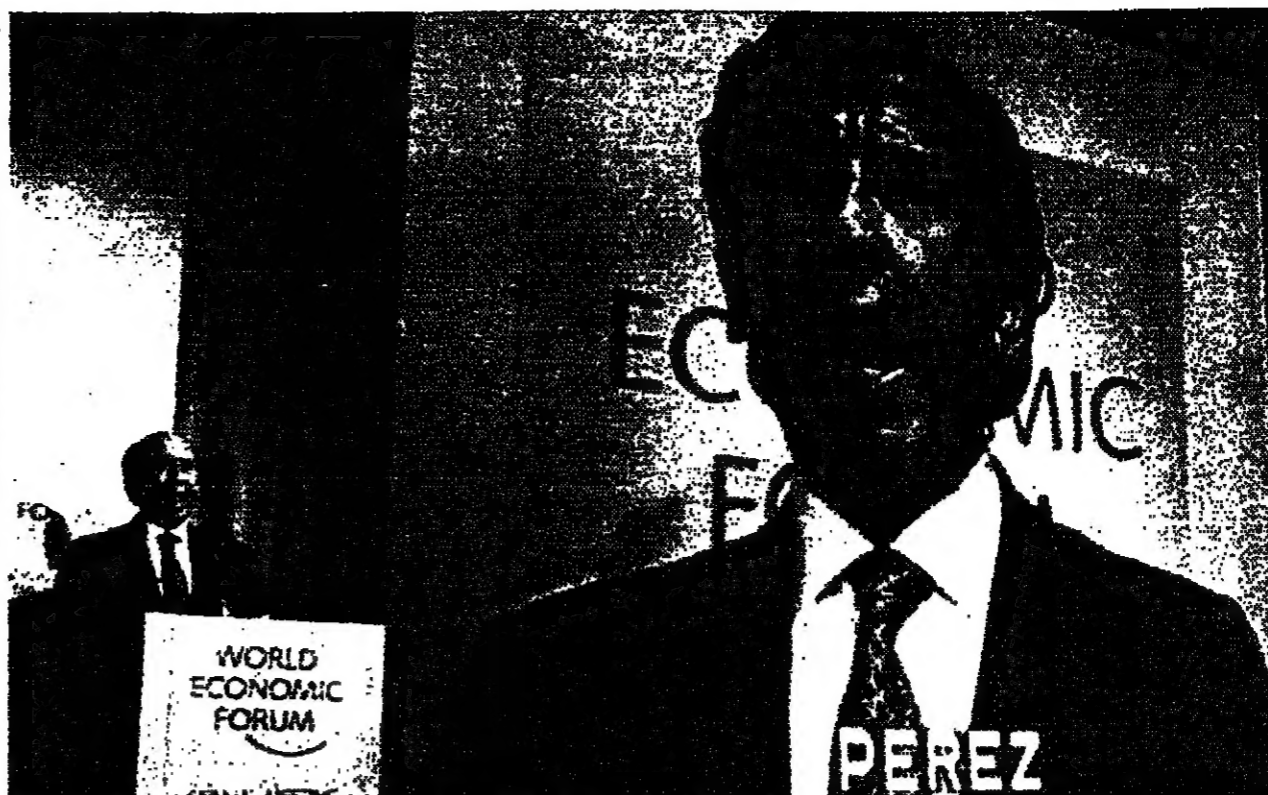
President Patricio Aylwin's decision to secure land for the Pehuenches is likely to set an important legal precedent. Land disputes between white settlers and Chile's 500,000 Mapuches - the tribe to which the Pehuenches claim lineage - have escalated in recent years with the growth of cattle ranching, forestry and tourism.

There are over 600 cases of land poaching which the Mapuches have no hope of winning through the courts, says Mr Eduardo Astorga, an Indian rights lawyer. "The only way to settle these conflicts is for the government to rally to their defence."

Late last year, Mapuche groups staged a series of land seizures in southern Chile to draw attention to their plight. The occupations were ended with brutal efficiency by the Carabineros, Chile's paramilitary police.

Mr Astorga said Indian groups would lobby Congress to ensure the passage of legislation to protect Indian rights. The government has submitted a draft bill to establish a "land fund" to purchase some of the territory the Mapuches have lost this century.

Chile's left-wing parties, which control the Senate, oppose the land fund. They are also against granting special recognition to Chile's native peoples, which include the Aymaras in the north, the Mapuches in the south, and the Rapa Nui on Easter Island.



Pérez: reflections on the failed putsch provide little comfort for embattled president unrewarded by economic successes

Venezuela's tensions sharpen

The putsch is past, but the problems mount, writes Joseph Mann

ONE MONTH after a thwarted military uprising aimed at toppling the elected government of President Carlos Andrés Pérez, Venezuela has slid into political crisis.

Although the country apparently returned to normal almost immediately after the one-day putsch on February 4, the military revolt shocked the political and military establishments, sharpening tensions already existing in the country's 34-year-old democratic system.

Several unparallelled - and for Venezuela, shocking - events have occurred over the last two weeks.

● Important national figures in one of the two main opposition political parties have called on Mr Pérez to resign. The president, whose five-year term is scheduled to expire in February 1994, has refused.

● In an effort to staunch widespread corruption in the judicial system, the attorney general and other prominent figures have asked the entire supreme court to resign so that they can be replaced with individuals not linked to the country's two main political parties.

● The chief opposition party, the Christian Democrats (Copei), and other groups are demanding a national referendum on the government and a new constitution.

● Venezuela's armed forces were placed on alert on Monday after an apparently minor incident where a small group of soldiers stole firearms from the country's principal military installation, Fort Tiuna in Caracas.

● Differences and mistrust between officers in the armed forces and politicians, especially those in the ruling Democratic Action (AD) party, have become acute. General Fernando Obcoch Añach, minister of defence, recently made a surprising public appeal to Venezuelan politicians to show respect for the military. This type of public statement by a Venezuelan military leader is highly unusual.

By law, Venezuela's armed forces are banned from political activity. However, many officers have been angered by harsh attacks aimed at the rebels - and indirectly at all the military - by the government and some politicians.

All this has occurred in a

tense atmosphere where much of the population rejects the government's three-year-old economic reform programme, where rumours of another military uprising are common and where Venezuela's normally open media are practising self-censorship.

That the problems are deep rooted is suggested by the economic background, which is not one of weakness but of the fastest economic growth in the region. In 1992, the oil-dominated economy is expected to grow strongly again for the third successive year.

The main problem, however, is inflation, which continues to offset positive results of Mr Pérez's economic reforms, such as greater employment.

At the same time, the five lieutenant-colonels who led the uprising are becoming national heroes, something the government wished to prevent at any cost. Though it may never be known what the arrested army officers had in mind, they are being described in the press as bold reformers who planned to kick out corrupt politicians, eliminate painful economic

reforms and put the country on the right track.

In fact, the putsch has emboldened critics of the government's economic policies; rallied new efforts to reform the political system and, especially, to attack Venezuela's legendary corruption; provided a new forum for Mr Pérez's political enemies; and aggravated tensions between the armed forces and the civilian leadership.

President Pérez has meanwhile shifted a number of army officers, changed his cabinet, promised to intensify the government's already generous social welfare spending.

Attention has been focused on a special presidential committee of eight prominent individuals who have been asked to define the country's most critical problems and propose solutions. The eight-member panel, which includes figures who have been critical of the president's policies, are expected to recommend - among other things - rolling back, or at least softening, the government's free-market economic reforms. Mr Pérez has repeatedly asserted that he will not repeal those reforms.

Bush promises to veto bill increasing tax on the rich

By George Graham in Washington

PRESIDENT George Bush yesterday promised to veto new legislation that would increase taxes on the wealthy, as the Senate passed forward with a bill to do just that.

Mr Bush had already threatened to veto a bill agreed last week by the House of Representatives, and yesterday repeated his warning for a revised version of the bill pushed by Senator Lloyd Bentsen, chairman of the Senate finance committee.

"The House passed a tax increase, which I'll veto, and now the Senate is going about the same business," he declared yesterday, as the debate over what sort of tax package is needed took centre stage in the presidential election campaign.

Mr Bush has challenged the Democrat-dominated Congress to pass his package of fiscal measures, including a cut in the capital gains tax, which he claims would help stimulate

the still weak US economy. The Democrats have challenged his package, saying it is financed by accounting gimmicks and complaining that it favours the wealthy.

They have countered with a proposal to give a tax credit to middle-income families, to be paid for by higher taxes on the rich.

Senator Bentsen's version of this proposal would provide a tax credit of \$200 (\$175.40 per child) to be paid for by a new 35 per cent top-rate tax band which would affect couples earning over \$210,000.

Both the rate and the threshold are higher than the version passed last week by the House, countering President Bush's charge that the measure would result in a tax increase for the middle class.

The Bentsen tax package is estimated to be worth \$60bn over six years. President Bush has been constrained in his attacks on

the Democrats in Congress by the challenge he issued them in his State of the Union speech; by asking them to work in a bipartisan way to pass his package of tax measures by March 30, he has hindered himself from criticising them.

Now that the Democrats have produced their version of the tax package, including the increase in income taxes on the wealthy, a measure anathema to Mr Bush, he is free to attack them again.

The president also said he now regretted his 1990 budget compromise with Congress, in which he agreed to an increase in taxes - breaking his 1988 "no new taxes" campaign pledge - in exchange for caps on discretionary spending.

"Every once in a while, you've got to do something that tastes like castor oil," he said, but concluded that the compromise was in his view, a mistake.

Japan and Canada attack US ruling on Honda assembly

By Robert Thomson in Tokyo and Bernard Simon in Toronto

JAPAN and Canada have protested against a US Customs Service ruling that cars made by Honda in Ontario do not qualify for duty-free benefits under the US-Canada free trade agreement (FTA).

Mr Kozo Watanabe, Japan's international trade and industry minister, said his ministry had expressed concern to the US on the decision and might file a more formal complaint. The US ruling "lacked transparency," he added - a complaint generally made by US trade negotiators about Japanese rules.

Japan was studying whether the decision "reflects discrimination against foreign companies." The US decision comes as Tokyo senses anti-Japanese sentiment is growing in the US, leading some Japanese officials to believe the ruling is politically motivated.

In Canada, the Honda case forces several trade disputes which are raising questions about Washington's commitment to the letter and spirit of the 1989 free trade agreement. Mr Gordon Ritchie, who was Canada's deputy chief FTA

negotiator, noted that while others might see the Honda decision as another case of discrimination against Japan, "Canadians see it as Canada-bashing".

Ottawa is expected to ask the Honda case be referred to a binational dispute panel set up under the FTA. One such panel is already investigating the calculation of local content at another car-assembly plant in Ontario jointly owned by Suzuki and General Motors.

The US ruling will require Honda to pay a 2.5 per cent duty on the 80,000 Civics shipped to the US from Ontario. Under the FTA, cars assembled in Canada must have at least 50 per cent North American content to qualify for duty-free entry to the US.

Honda considers the Civic's North American content to be about 49 per cent. One point of dispute is the Customs Service ruling that the Civic's engine, assembled in Ohio by Honda of America, does not qualify as North American because it includes various Japanese-made components.

Gatt praise for Finnish trading regime

FINLAND runs a generally liberal trading regime, but its heavy reliance on preferential trading arrangements and high protection for domestic agriculture come in for criticism in a Gatt report, Frances Williams reports from Geneva. Members of Gatt's governing council discussed the report yesterday. They praised Finland for avoiding trade-curbing measures to cope with economic difficulties resulting from world recession and collapse of the former Soviet Union, until recently Finland's biggest export market.

The report says over 90 per cent of Finland's trade is now with EC countries and the European Free Trade Association (EFTA). While 90 per cent of imports enter duty free, only 30 per cent come in duty free on a "most favoured nation" (MFN) basis under Gatt's non-discrimination principle.

Developing countries said yesterday this hampered their exports to Finland because they face high tariffs on products such as food, textiles and footwear. While Finland's (mostly European) preferential trading partners do not

concern was expressed that the share of preferential trade will increase, with Finland's planned membership of the EC and the European Economic Area. Trade arrangements have been set up with the Russian Federation and the Baltic states. The council stressed the need for these moves to help develop the multilateral trading system; it saw benefits for Finland's economy in closer European integration, especially through tougher competition rules applied to sheltered domestic markets.

Also criticised were economic distortions caused by Finland's heavy agricultural subsidies, leading to Europe's highest food prices and protection of its food processing industry. Subsidised exports of farm surpluses had helped disrupt world markets. Finland has offered to slash farm export subsidies in the Uruguay Round, and to cut overall tariffs by one-third. Gatt says cuts in barriers to trade, with greater integration in the European market, would help re-establish Finland's competitiveness in world markets.

Taiwan plan makes virtue out of necessity

Luisetta Mudie looks at a £186bn, six-year infrastructure development programme

TAIWAN'S Nationalist Kuomintang government is looking to its brainchild, a six-year National Development Plan, to consolidate its support at home and win greater recognition for Taiwan abroad.

The plan - which the government calls "the beginning of responsible government" - is in fact less a plan than a list of things which desperately need doing in Taiwan.

A side-effect of the island's economic miracle has been the overburdening of the infrastructure and supplies of electrical power and water, as well as a lack of educational, cultural and recreational facilities; and while the economy has been growing fast, the fifth has been pouring into Taiwan's rivers, countryside and air.

The six-year timespan was set at the end of last year, the plan looks set to go beyond 1996. With a budget of T\$2.2trillion (£186bn), the plan includes several big highways, construction of which is already under way, and a high-speed railway linking Taipei to Kaohsiung.



Central Taipei: overburdened infrastructure at work

The need for a fourth nuclear power station is still under debate.

As part of an attempt to even out the island's development, Taiwan will be divided into 18 new community hubs, each with its own employment opportunities and

facilities for education, culture and recreation, all interconnected by mass rapid transit systems.

The plan is intended to indicate the Kuomintang's commitment to Taiwan in the long term and bolster confidence in the island's political stability,

without softening its stance against independence or preconditions for re-unification with mainland China.

Stimulating domestic demand and encouraging more investment on the island, especially in research and development, are among other goals of the six-year plan, along with the development of Taiwan as a regional financial centre. The government is increasingly worried that Taiwan will become over-dependent on trade with China through Hong Kong, if the economy does not become more mature. Trade with Hong Kong exceeded \$5bn in 1991.

Financing for such a huge plan has long been the subject of a cabinet-level controversy. The government has to find T\$3.6trillion from its own capital accounts, including revenue from privatisation, sale of government stocks and the issue of construction bonds. It hopes that another T\$2.5trillion will come from investment by public and private companies.

Mr Wang Chien-hsien, finance minister, has, however, criticised these estimates as being unrealistic and says "the financial resources of the entire nation will be needed." The Anglo-French GEC-Alsthom has high hopes of clinching the contract to make rolling stock for the transport system.

Among those successful so far have been Acer John Taylor and London Transport International as consulting engineers, and LT's French counterpart Metra which has won a contract to build an entire line of the rapid transport system.

There are many ways of borrowing from the public... The government is confident of covering the annual shortfall because our people here have always had so much spare money," she says.

The wealth of opportunities for participation by foreign companies has boosted the flow of high-level missions to Taiwan in recent months. Among those successful so far have been Acer John Taylor and London Transport International as consulting engineers, and LT's French counterpart Metra which has won a contract to build an entire line of the rapid transport system.

Companies have so far mainly centred around the construction of the rapid transport systems, already under way in Taipei and planned for four other big cities. The Anglo-French GEC-Alsthom has high hopes of clinching the contract to make rolling stock for the transport system.

Nissan to export engines from UK for Spanish plant

By Kevin Done, Motor Industry Correspondent

NISSAN, the Japanese car maker, is to begin exporting engines for the first time from its UK car plant. The engines will go to Spain for a range of vehicles to be launched late this year.

Nissan yesterday unveiled in Geneva its new-generation Nissan Serena "people carrier", a seven-to-eight seat high-roof estate car, to begin production in autumn at Nissan Motor Iberica, its Spanish vehicle subsidiary in Barcelona.

The Serena will compete in one of the fastest-growing segments of the European market, introduced in the 1980s by the Renault Espace. Several European vehicle makers are developing rival products, including Volkswagen and Ford, in a joint venture in Portugal, and Peugeot and Fiat in another in northern France.

Nissan said yesterday it would export about 8,000 1.6- and 2-litre petrol engines from its Sunderland plant to Spain this year for use in the Serena. It expects Serena output to grow to about 35,000 in 1993.

It is installing capacity to build 50,000 units a year, and estimates some 70 per cent will be powered by petrol engines supplied from the UK. A diesel engine will be manufactured in Spain.

Nissan has invested about \$50m in its aluminium casting, engine component machining and engine assembly plants at Sunderland, to supply the UK and Spanish vehicle assembly plants. UK car output is set to rise to 175,000 this year and to 270,000 in 1993, when the Japanese manufacturer will also launch a range of four-wheel-drive leisure/utility vehicles.

Hyundai tenders for HK bridge

By Andrew Taylor, Construction Correspondent

THE Hong Kong government is expected to decide next week whether to allow a very low tender from less-experienced South Korean contractors to be short-listed to bid for a contract to build the world's second largest, single-span, suspension bridge.

The contract to build the Tsing Ma Bridge, part of Hong Kong's HK\$2.6bn (£7.2bn) airport project, has prompted bids from European, Japanese and South Korean companies.

Hyundai, Korea's second largest conglomerate, has bid HK\$23bn (£250m) less than the second lowest bid to build the crossing.

The group, a big international contractor, has no experience of building a large suspension bridge. Hong Kong authorities, though tempted by the low price, are understood to have reservations about the

group's technical expertise in suspension bridge construction on this scale.

In an attempt to overcome these reservations, Hyundai has approached several large international engineering groups, including UK and Japanese companies, to see if a joint bid could be made.

The Tsing Ma bridge will be the first large contract to be let under the airport project. The Hong Kong government, which is funding the bridge and other works, has been anxious to generate keen price competition.

Rival bidders accept that it would be very difficult, if the Korean bid is short-listed, for the authorities to choose another scheme. Hence the importance being attached to the tender review board's decision on which of four remaining bids will be allowed to proceed for final consideration.

Hyundai, according to its rivals, has bid HK\$5.5bn (£400m) for the contract. The second lowest bid is understood to come from an Anglo-Japanese consortium of Trafalgar House and Costain of the UK and Mitsui of Japan, believed to have bid about HK\$7.5bn.

There are two other bidders: an international consortium including Bouygues and Dragages of France and Hochtief of Germany, understood to have bid HK\$8bn, and a Japanese consortium including Nippon Steel, Kobe Steel, Mitsubishi and Cito, understood to have bid about HK\$10bn.

The all-Japanese bid is not expected to make the short-list, leaving the battle for places to the three remaining groups. These could be reduced to two when the short list is decided.

BA in talks with Boeing on 600-seat airliner

By Paul Betts, Aerospace Correspondent

BRITISH Airways is discussing with Boeing the possibility of introducing into its fleet a new 600-seat jumbo airliner by the turn of the century.

Mr Robert Albrecht, a Boeing executive vice-president, confirmed yesterday that Boeing had held talks with BA and other Boeing 747 jumbo operators on developing an ultra-large commercial aircraft. But the timing of such a project was uncertain and depended on market demand.

Boeing has formed a special unit to study developing a 600-seater aircraft and recently invited executives from potential customer airlines to discuss the super jumbo project. The European Airbus consortium is also studying the possibility of building a 600-seat ultra-large aircraft.

BA said yesterday it had set up a study group to evaluate with airframe and engine makers the airline's future requirements for a super jumbo. It would envisage using such an airliner on long-distance routes. It sees the cost of a super-jumbo as about \$175m (£100m), against \$125m for a 400-seater Boeing 747-400.

BA suggested the new ultra-large aircraft could include a gymnasium, a central lounge, sleeping quarters on-board facilities. Makers expect strong demand for a super-jumbo from airlines in the Asia-Pacific region where air traffic is expected to expand in the next decade. Boeing and Airbus are also seeking to interest Japanese aerospace companies in sharing in their respective super jumbo projects.

UK NEWS

Bae and Hughes win £570m missile order

By David White, Defence Correspondent

BRITISH AEROSPACE (BAe), the UK defence equipment and aircraft manufacturer, has won an order worth £570m to supply new air combat missiles for the RAF against fierce international competition.

The decision announced in the House of Commons yesterday by Mr Tom King, defence secretary, provides a crucial lease of life to Bae's Dynamics division but is unlikely to quell speculation about a reorganisation in the UK guided weapons business.

Under the order, Bae will complete development of its Advanced Short-Range Air-to-Air Missile (Asraam) with Hughes Aircraft of the US, and provide initial supplies for the RAF.

Mr David Laybourn, the division's managing director, said the contract

"will provide a firm foundation for Dynamics for the foreseeable future". The company has estimated its potential export market for the close combat missile, including the US, at more than £3bn.

The decision comes after successive delays and setbacks to the project, launched 12 years ago as the European element in a joint US-European scheme for arming new fighter aircraft.

Failure to win the contract would have resulted in up to 1,000 further redundancies at Bae's Dynamics division and deprived it of its only immediate prospect for a newly-developed missile.

Competitors for the deal were GEC-Marconi in collaboration with Matra, manufacturers of the rival French

Mica missile, and BGT of Germany, which proposed an upgraded version of the current US-designed Sidewinder.

The decision is a setback for GEC-Marconi, which recently took the first step towards becoming a producer of complete missile systems by concluding a £38m takeover of Ferranti International's guided weapons business.

GEC-Marconi, which has acted until now as supplier of guidance systems for Bae missiles, said: "We will carry on regardless." It had lost a significant business opportunity but still had a number of other prospects and expected to continue its relationship with Matra.

The contract announcement followed widespread speculation about a merger between Bae and GEC-Marconi in the missile sector.

While the Asraam order may make it less imperative for Bae to sell a stake in its Dynamics division, analysts see it as strengthening the company's hand in obtaining good terms for a joint venture deal. A plan to merge the division with the guidance systems activities of Thomson-CSF of France fell through a year ago.

Yesterday's contract is Bae's biggest for guided weapons for about five years. The group was also the main beneficiary of a £500m package of aircraft, helicopter and missile orders awarded last month on the day it announced an £81m loss for 1991.

Bae is believed to have trimmed its price for Asraam substantially since the Ministry of Defence decided 18 months ago to open the deal to competition. The missile will equip RAF Harrier jump-jets and the planned European Fighter Aircraft.

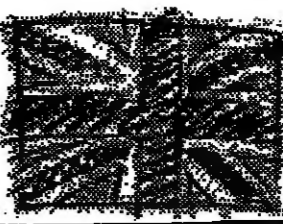
Most of the work will be carried out at Bae's plants at Stevenage, north of London, and Lostock, Lancashire, north west England, and at Hughes' facility at Glenrothes, Fife, Scotland.

Major sub-contractors include Thorn EMI, Lucas Aerospace, and MBB of Germany.

Last month Bae announced a further 450 job cuts in its Dynamics division, reducing the total workforce to 6,000 compared with 16,500 in 1989.

Labour MPs accused the government in the Commons yesterday of using orders for defence equipment to strengthen the position of Conservative MPs in marginal constituencies at the coming general election.

BRITAIN IN BRIEF



Ford retains leadership in car market

Ford new car registrations in the UK have accelerated suddenly in the final days of February in spite of the company's repeated claims that it would not "buy market share" in order to boost sales following record financial losses last year, writes Kevin Done in Geneva.

Last week Ford of Britain said overall UK new car sales had weakened dramatically at the end of February, as private car buyers delayed purchases ahead of a possible cut in car tax in next week's Budget.

It also said that it expected to be ousted by Volkswagen as the GM subsidiary from the leadership of the UK new car market for the first time - on a monthly basis - since the mid-1970s. Official new car registration figures for February will be announced on Thursday, but it was disclosed in Geneva that Ford's sales grew dramatically at the end of last month contrary to the company's statement last week.

Although Ford's daily market share was never above 30 per cent in the first 30 days of the month, its daily share accelerated in the latest four reporting days to 25.0 per cent, 24.1 per cent, 23.3 per cent and finally to 26.3 per cent.

British reserves rise by \$181m

Britain's gold and currency reserves rose by an underlying \$181m in February, indicating that the Bank of England did not have to support sterling in the European exchange rate mechanism last month.

The Treasury said the increase, which confounded market expectations of a small \$120m decline in the reserves, partly reflected \$51m of foreign proceeds from the privatisation of British power companies.

The overall level of Britain's official reserves, which includes borrowings in foreign currencies and Ecu and official repayments, rose by \$169m to \$44.76bn at the end of February from \$44.59bn at the end of January.

Lenders launch fraud campaign

Banks and building societies have launched a campaign to combat credit card crime following a 35 per cent surge in plastic fraud last year.

The campaign, part of a three year programme, involves heightening public awareness to the growth of credit card fraud and introducing more sophisticated technology such as digital signatures, fingerprint recognition and personal identification numbers for shop transactions as well as automatic teller machines.

UK-Italian bid wins road deal

Midland Expressway, an Anglo-Italian joint venture, has signed the concession agreement to build Britain's first privately financed toll motorway.

The Birmingham Northern Relief Road, which will cut 30 miles, will provide motorists with an alternative to the congested M6 public motorway north of the city.

The winning bid was submitted by a joint venture between Trafalgar House, the UK construction to hotels group, and Iriteca of Italy, previously known as Italstat, and Europe's biggest toll road operator.

London seeks European bank

A campaign to attract the proposed European Central Bank to London has been urged by the Corporation of the City of London and the Labour-led Association of London Authorities.

The Corporation - the City's local authority - is preparing to fund and lead a campaign. Its common council will be asked later this month to make £1m available for the purpose, looking to draw on support and expertise from a range of City institutions.

"We intend to run a positive campaign stressing the advantages of London, particularly the ready access to its financial markets", said Mr Michael Cassidy, chairman of the Corporation's policy resources committee.

Business backs Olympics bid

Manchester's bid to stage the Olympics in the year 2000 will be backed by businesses committed to bringing the games to Britain, organisers of the bid said yesterday.



The Duke of Westminster, who is leading the city's bid, said companies were ready to support Manchester as the site for the summer games. The Duke is chairman of the north-west business leadership team, which is made up of 24 leading companies in the region including Amec, Costa Viegas, Pilkington, Littlewoods, Kallag, Granada TV, Manchester Airport and the Johnson Group.

Recession hits consultancy

The spectacular recent growth in UK management consultancy fees came to an abrupt end last year, according to figures released by the Management Consultancies Association, whose 33 members include the largest UK firms.

The Association reported that its members' fee income grew by just four per cent in 1991 to \$24.5bn from \$23.1bn the previous year. The new figures demonstrate that after three years when the average growth has been around 30 per cent a year, real growth came to a virtual standstill last year.

Asylum policy under attack

Mr Kenneth Baker, the home secretary, has accused Labour of planning to relax rules preventing overseas nationals resident in Britain from marrying to pass on UK citizenship rights.

Discussing the government's new Asylum Bill, which will introduce new restrictions on right-of-entry to the UK, Mr Baker forecast a "very substantial" rise in would-be spouses seeking entry if Labour changed the criteria used by immigration officers.

Mr Roy Hattersley, his Labour rival, insisted Labour would introduce objective criteria for entry application.

Tax staff 'prefer Labour'

Fewer than one in three staff in tax offices say they will vote for the Conservative party at the coming election, according to a survey by the Inland Revenue Staff Federation. Some 45 per cent of a 1,000-member poll, carried out by MOR, said they would vote Labour, 31 per cent Conservative and 19 per cent Liberal Democrat.

Government revises plan to privatise British Rail

By Richard Tomkins, Transport Correspondent

HEAVILY revised plans for the privatisation of British Rail, the state railway network, will be put forward after the general election in the event of a Conservative victory.

Mr Malcolm Rifkind, the transport secretary, appears to have lost his battle to sell off BR's InterCity and Railfreight divisions complete with tracks and trains.

Instead, all BR's tracks are likely to be handed to a single central body which will make them available to BR or any private sector companies wanting to run trains on them. BR's four operating divisions - InterCity, Railfreight, Network SouthEast and Regional Railways - will be sold to the private sector without their tracks as each becomes profitable.

The four divisions' profits will be based on the cost of the services they provide, not on the unprofitable but socially necessary services and putting them out to tender, with franchises going to whichever private operators require the smallest subsidy to operate them.

Details of the privatisation plans, although agreed by ministers, are unlikely to appear in the Conservative party manifesto for fear that they could lose votes.

The policy document paving the way for BR's privatisation was supposed to have appeared by the end of last year, but it became bogged down by ministerial differences over how to proceed.

The centrepiece of Mr Rifkind's plan was a speedy sale of the profitable InterCity sector complete with tracks and trains; but other ministers - notably it is believed, Mr Peter Lilley, the trade and industry secretary - argued that InterCity's ownership of the tracks would inhibit access by competitors.

Mr Rifkind is now believed to have bowed to pressure from cabinet colleagues, but the policy document has been postponed till after the election to avoid controversy.

In the meantime ministers have dropped all references to the wholesale privatisation of BR. Instead focusing on the shorter-term objective of ending BR's statutory monopoly on railway services, and encouraging the private sector to start running passenger and freight trains alongside BR's.

MPs to propose sweeping reform of pension laws

By Norma Cohen and Ralph Atkins

PENSION FUND trustees in Britain would be subject to the same strict rules as company directors under proposals for sweeping changes to pension laws planned by a cross-party parliamentary committee.

The House of Commons select committee on social security, which has been looking into the disappearance of hundreds of millions of pounds from pension funds controlled by the late Mr Robert Maxwell, is expected to cite rules in the UK Companies Act requiring an annual general meeting for members, timely release of annual accounts and the requirement that company directors be "fit and proper" people. It wants a new pensions law introduced to translate these rules into requirements for trustees.

The MPs will also recommend that the remit of the Occupational Pensions Board (OPB), which oversees some aspects of pension operations, be extended to cover all the assets of occupational pension schemes. Currently, the OPB is only required to determine that a scheme has enough assets to pay the small portion of workers' pensions which would otherwise be covered by the state.

For the great majority of UK pension funds which have

"opted out" of the State Earnings Related Pension Scheme, that portion is no more than 50 per cent of a worker's total pension.

MPs on the social security committee are today expected to call for an inquiry following the failure of regulators to stop Mr Robert Maxwell from raiding pension funds of the companies he operated.

The Department of Social Security is understood to be organising such an inquiry into pension fund legislation. Its remit is likely to be announced after the general election.

Before then, the social security committee is expected to condemn the City regulatory authorities for being intimidated by Mr Maxwell.

The MPs believe there was a vacuum in the regulatory system which invited a radical overhaul of British pension legislation after the general election.

The committee's report is expected to call on the Securities and Investments Board to review the activities of the Investment Management Regulatory Organisation, which allowed Mr Maxwell to control a fund management company which gave him personal access to his employees' pension funds.

Women backed in pensions test case

By Lisa Wood, Labour Staff

NINETY ONE women whose employer raised their pension age from 60 to 65 without their consent are being backed by the Equal Opportunities Commission (EOC) in a claim of unlawful discrimination.

The women, who work for Avdel Systems, based in Welwyn Garden City, north of London, had planned to retire at 60 and draw full pensions. They were told by their employer that unless they continued to work until they were 65 their pensions would be reduced by four per cent a year.

The case is the second one to be financially supported by an industrial tribunal by the EOC. A similar, but smaller case, has been held up at the appeals

stage. The EOC said if women were successful an important legal point could be made which could affect substantial numbers of employers.

This was because a recent survey found more than 60 per cent of employers have decided to raise the pension age of women workers to 65, the same age as men, in order to comply with the Barber judgement at the European Court of Justice which required equality in occupational pension schemes.

The EOC said it had decided to support a second case because it has no direct political affiliation. However, there is an assumption that Mr John Major is not as keen on some of the IoD's ideas as was Mrs Thatcher.

Mr Morgan said at a London press conference yesterday that a refocusing of the balance between government, markets and the individual was the theme that ran through the document.



Dozens of environmental protesters climbed cranes in Liverpool yesterday to protest at the imminent arrival of a ship carrying rainforest timber. More than 20 people were taken away in police vans but were later released without being charged.

Pet theory points to lack of ideas

By David Owen

THE British public must be hoping that John Major does choose April 9 for the general election.

The possibility that he might hang on until July 9 must strike dread into most voters' hearts.

Yesterday there was conclusive evidence that the three main political parties have run out of things to say in this pre-election phoney war.

The centrist third-party Liberal Democrats solemnly called a press conference to unveil a new policy document entitled: "A pet is for life" which crowed that they were "the first party to formulate a policy for pets".

This bid for the potentially crucial canine and feline vote includes an Animal Protection Commission to enforce and recommend changes to legislation.

Mr Simon Hughes, the party's fresh-faced proponent of all good causes, has high hopes of getting such a commission onto the agenda if the Liberal Democrats become involved in post-election talks with potential coalition partners. In the event of no party securing an overall majority.

Yesterday's policy document covered "an extremely important subject indeed", insisted Mr Hughes. Bereft of furry or feathered props, he pledged stringent Liberal Democrat restrictions on "tail-docking, ear-cropping and other cosmetic mutilations".

Smith advocates devolution in UK

By Philip Stephens, Political Editor

MR JOHN Smith, Labour's chief finance spokesman, yesterday threw his formidable political weight behind his party's commitment to a radical programme of constitutional reform if it wins the election.

Speaking at a lunch organised by the journalists' charity, the Newspaper Press Fund, Mr Smith called for the large-scale dispersal of decision-making from London to update "the constitutional architecture" of the UK.

Drawing a strong link between systems of government and relative prosperity, he contrasted the UK's relative decline with Germany's economic success.

Mr Smith dismissed the case of those who argued that the House of Commons was among the powerful and effective legislatures in the western world.

Instead, the concentration of political authority in the executive had left parliament weak and out-of-date with little of the influence of comparable institutions elsewhere.

Drawing unfavourable comparisons between the UK and Germany, Mr Smith said that devolution for Scotland and closer integration within the European Community should be seen as the starting point for sweeping reforms.

He envisaged a structure in which power was properly shared across four tiers of government. At the lowest level



Smith: seeking reform

would be the local authorities. Above them the Scottish, Welsh and English regional assemblies proposed by Labour. The third and fourth tiers would be provided by Westminster and Brussels respectively.

In his remarks yesterday Mr Smith alluded frequently to the economic as well as the political advantages that Germany had derived from the federal structure of its post-war constitution.

As a prospective chancellor of the exchequer, he stressed that he was willing to accept that devolved government in the UK would curtail significantly the chancellor's freedom to make sweeping changes in his annual budgets.

LIFESTYLE AND SPENDING HABITS 1981-91

British save for a safer tomorrow

By Gary Mead, Marketing Correspondent

THE average British household is 30 per cent richer in real terms than ten years ago and potential individual wealth - calculated by sales of assets - has soared more than 200 per cent over the same period, according to a survey of lifestyle and spending habits over the last decade by Mintel, the international market research group.

Not only have the British become wealthier on average, they also spend a greater proportion of their income than in 1981.

Total UK consumer spending was some £376.5bn in 1991, a 26 per cent increase in real terms from 1981. Savings as a proportion of income dropped to 7.5

per cent by 1991, against 13.1 per cent in 1981, as people turned towards greater debt repayments.

Much of that increased spending now goes towards insurance and pensions, which accounted for just £3.9bn in 1981 but had risen to more than £17bn by last year. Sick-ness and accident insurance has grown almost five times in cash terms since 1981.

Mintel's report also identifies trends which it expects to alter the nature of consumer spending in the current decade. While the number of households is likely to increase from 22.7m in 1991 to more than 24m by 2001, average household size will probably fall from 2.5 to

2.3 people. Single person households are predicted to increase to 6.8m by 2001, compared with 4.6m in 1981 and 5.9m in 1991.

The study suggests that the household services market has been one boom area in the last decade, growing by almost 450 per cent and now worth some £2.9bn; by 1996 it may be worth some £5.5bn according to Mintel.

Britain also appears to be turning into a nation of restaurant lovers; in 1991 spending on food for consumption in the home was \$42.56bn, a decline as a proportion of total expenditure from 15 per cent 10 years ago to 11 per cent last year.

In real terms total food

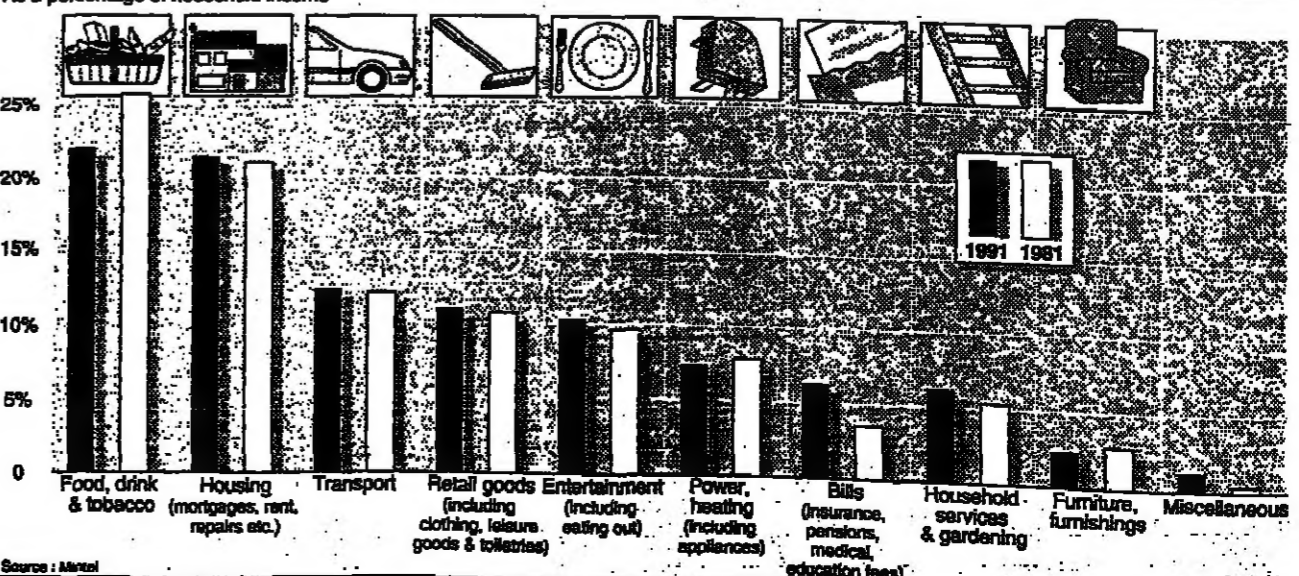
expenditure increased by 8 per cent in the decade. At the same time, spending on eating out has annually grown by 4 per cent. Britons now spend some £13.7bn a year in restaurants of all types.

While Britons have spent an average of 3 per cent a year more on holidays over the last decade, the record, tape and musical instruments business has been the fastest growing leisure sector, at 12 per cent a year. The losing sector is clearly tobacco products, whose sales have declined by an average annual rate of almost 3 per cent since 1981.

British Lifestyles 1982, Mintel, 18-19 Long Lane, London EC1A 9HE, £285.

Household expenditure

As a percentage of household income



MANAGEMENT

The multinational myth explodes

Christopher Lorenz investigates a controversial theory which sets out to re-write conventional wisdom

Managers and politicians take note. The term "multinational company" has become so embedded in our business language over the last 30 years that few people now question what it signifies. But they should, for it is either meaningless, misleading, or both.

You can certainly forget everything you have read about the emergence of "stateless" corporations with their activities spread in balanced fashion across a "borderless world". Contrary to the new conventional wisdom, such enterprises do not exist with a handful of exceptions, so-called "multinationals", "global", and "transnational" companies are merely national entities with foreign operations.

This is the controversial thesis of Yao-Su Hu, an ex-World Bank economist who combines his vice-presidency of a Hong Kong college with visiting professorships at Sussex University and Henley.

In arguing his case, Hu may be stretching a point or two. He also makes a few factual errors. But, in direction if not in degree, his argument is closer to the truth than most "multinational" companies would admit.

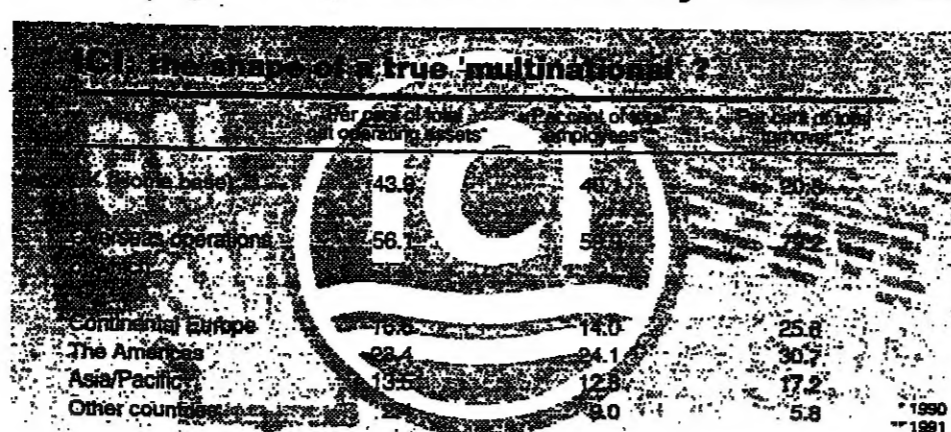
Writing in the issue of the

California Management Review which is about to be published, Hu argues that there are no real multinationals. At the very furthest stretch of his definition, they include ICI, Nestlé, ABB, Shell and Unilever - though he says the last three should be classed as "binational". Hu's argument has several strands.

● Geographic spread and scope. Most so-called multinationals, such as General Motors, Du Pont, and US General Electric, have less than half their operations and employees abroad. The only ones which do are British companies such as ICI, plus some from smaller European nations.

● Ownership and control. At the level of the parent company, these remain heavily national (or binational), rather than multinational, however much the company may strive to attract foreign shareholders and stress "good citizenship" within its various host nations.

● People. Foreigners usually occupy a "minority" fraction of the most senior positions in top management - much



lower than the percentage of foreigners in the total number of employees. The national character of top management is especially pronounced in Japanese companies.

● Legal nationality and taxation. In law, there is no such thing as a multinational or global company. So the multinational is exposed to many jurisdictions around the world.

But it usually has a home government and a home tax authority - that is, a legal and a fiscal nationality that matter to it more than others. In many cases, the home government can choose to tax it on its worldwide earnings.

Hu then assesses the various implications of all this.

First, the primary source of a company's international com-

petitive advantage lies in its home nation, he argues. Foreign sources can supplement national ones but not replace them. Even Nestlé, with 95 per cent or more of its assets and employees outside Switzerland, gains considerable advantage from being perceived as Swiss.

Moreover, most "multinationals" for which data is available do the bulk of their research and development in the home nation: both IBM and Du Pont, for example, have a higher proportion of R&D personnel at home than their domestic ratio of total employees and assets.

The nation where the bulk of a company's R&D takes place is where strategic and integrated decisions can be taken rapidly, Hu says. It is its "locus"

Second, Hu concludes that his analysis demolishes Robert Reich's highly influential "Who is Us?" article in the Harvard Business Review two years ago. This claimed that foreign (especially Japanese)

companies which undertake manufacturing in the US - and, in some cases research, design and development as well - may be more "American" than American companies with international operations.

In this part of his argument, Hu is certainly correct. On the other hand, he vastly underestimates the significance to a company, and to the nations concerned, of a divisional headquarters being transferred away from the home base.

Where that division is given a global mandate, the parent company - or at least part of it - does justify the epithet "transnational" that has begun to be applied to it. IBM, Unilever, and ABB can all rightly claim this status.

Nor does Hu recognise that a few companies are starting at least to try to disperse various corporate head office activities around the world.

This trend, albeit nascent, is another way of becoming transnational. Hu also underestimates the growing

proportion of non-home nation managers at senior levels in many multinationals, especially European ones but also some American.

The article contains a few erroneous assertions, such as that multinationals almost always account internally in their home currency and that the citizens and institutions of host nations cannot participate directly in the ownership of multinationals' local subsidiaries. (What about Shell's many local minority stakes around the world?)

But, apart from such deviations, and the tone of exaggeration that runs through his article (just like Reich's), Hu's basic drift is correct.

An image of multinationalism, globalism or "borderlessness" can do wonders for a company's public relations, especially for an emergent Japanese enterprise faced with western suspicion. But there is almost always less to the image than meets the eye.

The substance may gradually catch up with the image, but only over the next 30 years. Meanwhile, Hu has felt reasonably well rooted in today's reality. By comparison, Reich is a hopeful time traveler trying to shift the distant future into the present.

When you get to the office in the morning, do you make yourself a cup of coffee and start sorting through a pile of papers? "I must ring X about that and I'll sort that one out later." There are papers on your desk and more on the floor.

In your drawer, along with an umbrella and a tin of shoe polish, there are more papers, but the important fax you were sent yesterday seems to have disappeared.

It sounds like you do not know how to work. You are in good company. Inefficiency is rife at all levels.

According to the OECD, productivity of white collar workers barely changed in the 1980s despite the introduction of computers, while that of factory workers rose by 75 per cent.

People are trained to do every other aspect of their jobs, but when it comes to organising their papers they are usually left to their own devices. Changing bad habits is not easy, but it is possible, according to Jay Hurwitz of the Institute for Business Technology. His training company claims to have made

Cleaning up your act at work

Lucy Kellaway discovers a more effective way to shuffle her papers

40,000 office workers more productive using what is described as a "Personal Efficiency Programme".

It is a simple idea: it is hard to believe that people pay good money for them.

DO IT NOW The PEP golden rule and a principle that even the most inefficient person knows to be a good one.

However, simply saying those three words is one thing. Living by them is another. PEP graduates have impressed on them that if they do it now they will

● Handle things only once and so save time.
● Have fewer distractions and concentrate better.
● Catch problems while they are small.
● Not have to worry about not doing things or waste time explaining to others why you have not done so.

Once this has really sunk home, you can move to the next principle

GET RID OF CLUTTER

● Clear out all your drawers and files. With each piece of paper ask yourself: have I ever used it and if I throw it away, and unexpectedly need it, will I be able to get another copy?

● Create a "reference" filing system for papers that pass this test, and another "archive" for things that you do not need, but have to keep for statutory reasons.

● Set up trays on your desk: In, Out and Pending. The last is not for things that have been put off, but those that cannot yet be completed.
● Use the middle drawer in your desk - or somewhere else close at hand - for all current work. Divide the work into different projects, each in its own folder.

● Make sure that you have all the other things you need - from telephone directories to paper clips - to hand.

PLAN YOUR DAY

● Don't let yourself be a slave to the telephone. According to some recent US studies, managers receive five times as much information as they actually need. Managers waste too much time reading unnecessary material and clog up their filing systems with

● Set up a new filing system for every day of the coming month. It should contain all the relevant papers for that day's meetings and details of delegated work that is due to be finished on that day. That way you do not have to clog up your mind with things to remember.

● Make yourself a realistic plan for the day-week of priorities for work, and mark yourself off against them.

● Delegate more. According to Hurwitz, most bosses spend 30 per cent of their valuable time doing things that could be equally well done by their secretaries.

● Do not agree to meetings that are not likely to be useful to you, or that will make it harder for you to meet your own targets for the week.

It is all easily said. But it seems habits can only be changed under duress. The PEP team stand over each employee, twisting down their necks, to make sure they really are throwing away the contents of their drawers.

One man had 30 cardboard boxes in his office containing the papers from previous jobs. Persuading him to throw them out took three days and was a very painful experience for that individual, says Hurwitz. The trainers go back after a few weeks and then after a few months to keep the pressure on. Each time they



draw up a written contract against which to mark the employee. But does it last? "There is some slippage, but

they do not ever go back to where they started from," says Hurwitz. As for me, I was planning

to clear out my desk drawers after my conversation with Hurwitz, but I have not got round to it yet.

FT LAW REPORTS

Rates swap case goes to Scotland

KLEINWORTH BENSON LTD v CITY OF GLASGOW DISTRICT COUNCIL. BARCLAYS BANK PLC v CITY OF GLASGOW DISTRICT COUNCIL. Queen's Bench Division (Commercial Court): Mr Justice Hirst: February 27 1992

A CLAIM against a person domiciled in Scotland for restitution of monies paid under a contract which is null and void, cannot be heard by English courts in that it is not a "matter relating to a contract" within the meaning of the 1968 Brussels Convention, and does not come within any of the matters giving rise to a special jurisdiction to hear the case other than that part of the UK in which the defendant is domiciled.

Mr Justice Hirst so held when giving judgment for the defendant, the City of Glasgow District Council, on its applications to dismiss actions brought against it by the plaintiff banks, Kleinworth Benson Limited and Barclays Bank plc, for lack of jurisdiction.

HIS LORDSHIP said that Glasgow was sued in two separate actions by Barclays and Kleinworth Benson for £250,000 and £200,000 respectively, in relation to swaps paid under interest rate swap agreements.

Following on the House of Lords decision in *Hassell v Hamersmith and Fulham* (1991) 2 WLR 872 that all such transactions were outside the powers of the local authorities and void *ab initio* from the beginning, the banks claimed return of the sums on a restitutionary basis.

On the present summonses, Glasgow sought declarations that the court had no jurisdiction over it in respect of the claims, and asked that the actions be dismissed.

The two actions came within the Jurisdiction and Judgments Act 1982 provided that persons domiciled in a part of the UK should be sued in the courts of that part.

On the face of it, Glasgow must be sued in Scotland. The banks could only sue in England if they could bring themselves within the special jurisdiction laid down in articles 5 and 6 of Schedule 4.

Article 5(1) provided that a

person domiciled in part of the UK might be sued in another part of the UK in relation to a contract, in the courts for the place of performance of the obligation in question.

Mr Teckles for Glasgow submitted that as the House of Lords had ruled there was no contract, the restitutionary claims could not be classified as "matters relating to a contract".

Mr Beazley submitted that the claims did concern matters relating to a contract, since the court was determining the consequences of nullity of the contract.

He relied *inter alia* on article 10(1) of the 1968 Rome Convention on the Law applicable to Contractual Obligations, which provided that the law applicable to a contract should govern "the consequences of nullity of the contract".

The House of Lords having held that the swap transactions were void *ab initio*, the suggestion that the restitutionary claims were matters relating to a contract, placed a severe strain on the language of article 10(1).

There was nothing in the cases to support such a conclusion. *See Peters v ZNAV* (1988) ECR 387 and *Aziz v ZAV* (1988) ECR 387. They were consistent with a proposition by Mr Teckles for Glasgow that there must be either a contractual relationship giving rise to actual contractual obligations, or a consensual obligation similar to contract giving rise to a comparable obligation, for the case to fall within article 5(1).

So far as the Rome Convention was concerned, it was legitimate and appropriate to take its provisions into account in construing article 5(1).

However, it could not properly be treated as determinative of the construction of article 5(1). Moreover, the court was entitled in construing Schedule 4, to take into account the fact that the UK had derogated from the Rome Convention by excluding the provisions of article 10(1) from UK law.

The banks failed to bring themselves within article 5(1). Article 5(3) of Schedule 4 provided that a person domiciled in a part of the UK might be sued in another part "in matters relating to tort, delict or quasi-delict, in the courts of the place where the harmful event occurred".

In *Katzeis* (1988) ECR 3565, paragraphs 17 and 18 of its decision, the European Court said that matters relating to tort, delict or quasi-

delict within article 5(3) covered "all actions which seek to establish the liability of a defendant and which are not related to a contract within the meaning of article 5(1)".

In paragraph 19 it said "a court which has jurisdiction under article 5(3) over an action based on tort or delict does not have jurisdiction over that action so far as it is not so based". And in paragraph 20 it said "a plaintiff is always entitled to bring his action in its entirety before the courts for the domicile of the defendant".

Mr Beazley submitted that paragraphs 17 and 18 were conclusive in his favour. He said article 5(1) and (3) were to be construed as mutually exclusive but as all-embracing so far as actions to establish the defendant's "liability" were concerned (apart from article 5(1) cases, and provided that the harmful event occurred in the relevant jurisdiction).

That interpretation of *Katzeis* was not accepted. The judgment must be read as a whole. Paragraphs 19 and 20 were completely inconsistent with Mr Beazley's construction. If he were right article 5(3) would become a "catch-all" provision and liability not based on tort, delict or quasi-delict would fall within it, notwithstanding the explicit statement to the contrary in paragraph 19.

The word "liability" in paragraphs 17 and 18 must be interpreted as connoting liability within the scope of the article 5(3) categories, that is, in tort, delict or quasi-delict.

The banks failed to bring their case within article 5(3). Article 6(1) of Schedule 4 provided that a person domiciled in a part of the UK might be sued in another part "where he is one of a number of defendants, in the courts for the place where any one of them is domiciled".

In *Katzeis*, the European Court said article 6(1) applied where it was "expedient" to hear the actions together "to avoid the risk of irreconcilable judgments resulting from separate proceedings".

In the rate swap litigation, there was a very large number of separate actions, in all of which banks were plaintiffs and in nearly all of which English local authorities were defendants.

They were not combined in a single trial, but were regulated by court order so that certain cases should be lead actions, and the others stayed.

As at present, there would

be two separate lead action trials. Section 2 of the lead cases aimed to ensure that the majority of the points of law in issue in all the cases were authoritatively decided, and it was hoped that clear guidance would be given to the remaining cases, leading to settlements at first instance or on appeal, thus saving time and expense.

The lead cases were not strictly test cases. There might well be individual issues arising in some of the other cases that would still need to be litigated.

The court was not satisfied that there was a risk of irreconcilable decisions.

There was no question of conflicting decisions on the common issues of fact. So far as issues of law were concerned, it was almost inevitable that those cases, in view of the very difficult legal problems and the very large sums of money at stake, would proceed in the end to the highest court. Thus, even if there were a prospect of irreconcilable decisions at first instance or on appeal, the House of Lords would be able to give one single decision which would be binding in both England and Scotland, with no possibility of appeal.

The banks failed to bring themselves within article 6(1). Article 5(6)(b) of Schedule 4 provided that a person domiciled in part of the UK might be sued in another part, in proceedings to assert rights in moveable property, "in the courts of the part... in which the property is situated".

To come within that paragraph Mr Beazley must have an arguable case that the property the banks sought to trace was situated in England.

Glasgow's evidence was that it held its funds with a Scottish bank in Glasgow. The court accepted that evidence. There was no arguable case that the monies sought to be traced were now situated in England.

The banks were unable to bring themselves within article 5(8).

The banks having failed to bring themselves within any of the special jurisdictions laid down in articles 5 or 6 of Schedule 4, Glasgow must be sued in its court of domicile, in Scotland.

For the banks: Thomas Beazley (Clifford Chance, and Linklaters & Paines).
For Glasgow: Jonathan Teckles (William Sturges & Co).
Rachel Davies
Barrister

CONTRACTS & TENDERS

ARAB REPUBLIC OF EGYPT MINISTER OF PUBLIC BUSINESS SECTOR PUBLIC ENTERPRISE OFFICE (PEO) A CALL TO INTERNATIONAL FIRMS FOR ADVISORY SERVICES

The PEO, responsible for Public Enterprise Sector Reform in Egypt is seeking a Five-Person TEAM of International specialists in the following fields:

Privatization, restructuring, financial Accounting, manpower development and business management.
Selection and Contracting: According to World Bank Guidelines Contract Duration: 3 years.

For details, please contact the PEO
Public Enterprise Office
Prime Minister's Headquarters
1 Magless El Shaab St.,
Cairo, Egypt

Attn: Mr. Fouad Abdel Wahab (Director)
Fax No: 9011-202-355-3606

LEGAL NOTICES

WHITELY BOX DESIGNS LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at: Virginia House, the Buns, Worcester at 1430 hours on Wednesday 11 March 1992 for the purpose of having before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it so wishes, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below, no later than 1200 hours on 10 March 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) they have been lodged with us any proxy which the creditors intend to be used on his or her behalf.

21st February 1992
B.J. WARD, M.P., M.C.L.V.G.
Administrative Receiver
Peggy Kerr Foster, New Gulls House, 45 Great Charles Street, Queensway, Birmingham, B5 4JX
Creditors may obtain a copy of the report, free of charge, on application to the administrative receiver at the address shown above.

HAULMAN LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at: Orchard House, 10 Albion Place, Macclesfield, Cheshire, M24 1SZ on 12 March 1992 at 10.30am for the purpose of having before it a copy of the report prepared by the Administrative Receivers under section 48 of the said Act. The meeting may, if it so wishes, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown above, no later than noon on 11 March 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditors intend to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Closed: 27 February 1992. H.J. Voight, Joint Administrative Receiver

TENDER NOTICE UK GOVERNMENT ECU TREASURY BILLS

For tender on 10 March 1992
The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 10 March 1992. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.

- The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 10 March 1992. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.
- The ECU 1,000 million of Bills to be issued by tender will be dated 12 March 1992 and will be in the following maturities:
ECU 300 million for maturity on 15 April 1992
ECU 300 million for maturity on 11 June 1992
ECU 400 million for maturity on 10 September 1992
- All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 10 March 1992. Payment for Bills allotted will be due on Thursday, 12 March 1992.
- Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.
- Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.
- Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 12 March 1992 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyd's Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.
- Her Majesty's Treasury reserve the right to reject any or part of any tender.
- The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).
- The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 10 September 1992. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.
- Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1988 as amended.

Bank of England
3 March 1992

PUBLIC SPEAKING Training and soundproofing by award winning speaker PETER JESSON free Tel: (0272) 523599

BUSINESS AND THE ENVIRONMENT

PCBs under attack

Plant enzymes offer a new prospect for getting rid of toxic polychlorinated biphenyls (PCBs), which are some of the most pernicious pollutants made by man.

Several million kilograms of PCBs have been released into the environment over the last few decades, through a wide range of industrial activities from solvent recovery to hydraulic fluid manufacturing. They are so toxic that land contaminated by them is unsuitable for any other activity - even landfill.

PCBs are chemically very stable organo-chlorine compounds. The conventional method of getting rid of them is high-temperature incineration, an expensive process (costing £2,000 per tonne of soil) which may itself give rise to toxic fumes.

As a cheaper and safer alternative, scientists hope to exploit biotechnology to detoxify PCBs.

A technique developed by Plant Science Limited (PSL), a company based at Sheffield University in the north of England, uses novel peroxidase enzymes derived from plant cell cultures. The effect of the enzymes is to polymerise the PCBs; the individual molecules are linked together into a non-toxic polymer which can be filtered off and disposed of by burial or incineration.

General Electric of the US is pioneering a different approach to clean up the Hudson River in New York, which has been contaminated by its manufacturing operations. It uses live bacteria to break down PCBs.

But Mike Fowler, PSL research director, says enzymes are a "cleaner and more surgical approach" - and a much better commercial prospect. "One of the beauties of using enzymes rather than micro-organisms is that peroxidases are stable in the presence of solvents which might kill micro-organisms," he says. PSL is collaborating with Grasseer-Biotec, a London company specialising in anti-pollution technologies, to commercialise the enzyme-based process. A field trial is planned for later this year.

Clive Cookson

Pollution from the Wheal Jane tin mine in Cornwall - where 80m gallons of water contaminated with toxic metals spewed into the River Carnon for several weeks - has highlighted the environmental problems caused by abandoned mines.

The National Rivers Authority, the UK's pollution watchdog for rivers, is worried about the dozens of abandoned coal mines where rising waters in the old workings are polluting rivers in South Wales and Yorkshire.

The NRA says that in Yorkshire there are 36 significant discharges from disused coal workings causing serious pollution to 40 kilometres of river.

The capital cost of treating the 10 most serious discharges in Yorkshire is estimated to be more than £10m. In addition, there would be substantial operating costs. The question of who pays "remains to be determined" says the NRA.

Pollution at Wheal Jane turned the river and the estuary leading up to Falmouth a rusty red, halting water sports and endangering oyster beds and fish.

The NRA has been carrying out the clean-up and working on long-term solutions for preventing a recurrence. The cost of these operations is expected to be in excess of £1m - some estimates put it at £3m.

Although the NRA works on the principle that "the polluter pays", it seems impossible to apply it in incidents of this kind.

The Water Resources Act of 1991 says that those responsible for polluting rivers can be prosecuted and the NRA can recover from the polluter the costs of cleaning up.

But abandoned mines are specifically exempted from the clause. The Department of the Environment says that this is because many of them are so ancient that it would be impossible to discover the original owners.

There is also the difficulty in proving that the water comes from a specific mine. These areas are usually riddled with old workings and the flood waters may mingle to come out at one point.

Environmentalists are pressing for the law to be changed, and companies which abandon mines made liable for pollution from them. Liana Stupples, water campaigner for Friends of the Earth, says there is a "yawning gap" in the law.

Such a change would make life difficult for British Coal, it would mean a heavy financial

Who is responsible for the pollution caused by abandoned mines, asks John Hunt

Heads down



Kevin Ross: 'I do not feel we should pay for the clean-up'

Liability which could deter investors if, as promised, British Coal is privatised by a Conservative administration after the upcoming general election.

As long ago as 1981 the Royal Commission on Coal and the Environment, the Flowers Report, recommended that the

'A clear stream can turn a vivid orange and the bed coated with iron oxides stifling life and rendering it almost fishless'

costs of remedial action for existing mines abandoned by the National Coal Board (the predecessor of British Coal) be met by central government. But it said that the costs of pollution from any coal mines abandoned in the future should be met by the Coal Board.

The all-party Welsh Affairs Committee of the House of Commons has just started a new investigation into the problem in South Wales where more than a dozen abandoned coal mines are causing pollution. The Welsh Region of the National Rivers Authority is carrying out a two-year study

There are about 50 other old tin mines in the Carnon Valley area and water from them could have come out through the Wheal Jane outlet.

"I do not feel we should pay for the clean up," says Kevin Ross, managing director of Carnon Consolidated. "I do not accept that we are responsible for a history which has left us with all the other old tin mines. We are not flush with cash but we will do whatever is within our capacity to help."

Peter Maxted, local spokesman for Friends of the Earth, says the flooding at Wheal Jane was a tragic accident which should never have happened. FoE and other local organisations are pressing for a public inquiry.

"It is very frightening," said Doris Ansari, Truro's Liberal Democrat councillor on Cornwall County Council. "We do not know what the long-term effects will be."

ple way of preventing the polluted water from killing our rivers."

David Walker, the NRA's environment and quality manager for Wales, says that acidic discharges from old coal mines contain high concentrations of dissolved iron.

"A clear stream can turn a vivid orange and the bed coated with iron oxides stifling life and rendering it almost fishless," he says.

Garth Wardell, Labour MP for Gower and chairman of the Welsh Affairs Committee, said the situation is "very, very bad" and that the pollution could change the entire ecology along the rivers. "There is no doubt that the law has to be changed," he said.

The foundation, established by BOC with £1m to help clean up pollution, is also sponsoring research into coal mine pollution on the Little Don river near Sheffield.

There have been numerous public complaints and trout have been killed in some Yorkshire rivers. The problem is most severe in the River Calder near Tormoden, in the Don and Little Don near Sheffield and the Rother and its tributaries near Chesterfield.

At the Wheal Jane abandoned tin mine the polluted water has been controlled and is being pumped out into a dam for treatment. So far the NRA has spent £100,000 containing the incident.

Carnon Consolidated, which bought the mine from RTZ in a management buyout, made a loss in 1990 but broke even in 1991. It is not in a position to pay big bills and, in any event, denies liability.

There are about 50 other old tin mines in the Carnon Valley area and water from them could have come out through the Wheal Jane outlet.

"I do not feel we should pay for the clean up," says Kevin Ross, managing director of Carnon Consolidated. "I do not accept that we are responsible for a history which has left us with all the other old tin mines. We are not flush with cash but we will do whatever is within our capacity to help."

Peter Maxted, local spokesman for Friends of the Earth, says the flooding at Wheal Jane was a tragic accident which should never have happened. FoE and other local organisations are pressing for a public inquiry.

"It is very frightening," said Doris Ansari, Truro's Liberal Democrat councillor on Cornwall County Council. "We do not know what the long-term effects will be."

URBAN AIR POLLUTION

Clear skies through long-term vision

Steven Butler looks at Tokyo's example



MOSS may not gather on rolling stones but it is growing in Tokyo's parks again. When scientists at Tokyo's Metropolitan Research Institute for Environmental Protection looked for this essential component of Japanese gardens 20 years ago, they found none.

Following drastic cuts in sulphur dioxide levels in Tokyo air since the last survey, the fuzzy green stuff is once again gracing trees throughout the city. The density of sulphur dioxide, one of worst air pollutants, is less than an eighth of its 1968 peak. "In Tokyo we have virtually solved the problem," says Noboru Yoshino, chief of automobile pollution with the Tokyo metropolitan government.

None the less, the levels of particulate matter, nitrogen oxides and ozone remain unacceptably high. Walking on the pavement of a congested Tokyo street is more pleasant than in London, for example, but no one ought to breathe too deeply.

Tokyo's air pollution crisis was a product of the density of population and industrial plant in the Tokyo area combined with the bottleneck

pace of economic development during the 1960s. Japan was determined to put post-war poverty behind, and industrial growth was pursued with little regard for side effects, such as environmental degradation.

By the late 1960s, however, a public backlash had gathered strength at a time when the ruling Liberal Democratic Party was losing electoral support. A consensus

developed that something had to be done. The first target was sulphur emissions, caused primarily by industry. In 1970 the government announced a drastic reduction in the level of sulphur permitted in fuel. The new limit was 0.5 per cent, compared with three to four per cent in imported crude oil.

The government's next target was carbon monoxide, an important component of automobile exhaust. The Japanese government required that all new cars sold in Japan from 1975 be fitted with catalytic converters. The devices removed 85 per cent of carbon monoxide from exhaust.

Use of catalytic converters also led to the gradual introduction of lead-free petrol, since lead fouls the catalyst. Nearly 100 per cent of petrol sold in Japan is now unleaded. Although reducing atmospheric lead was never a principal goal, this has been a welcome side effect.

Further progress is likely to come slowly, if at all. In the meantime, city residents can console themselves that at least the moss does not seem to mind.

Next week's article will focus on Athens.

Sulphur and carbon monoxide, however, were the easy steps. From here the going will be considerably tougher.

● Suspended particulate matter: The concentration of suspended particulate matter (mainly dust and soot) in the air fell sharply in the late 1970s, but has since remained high. The initial decline was a result in part of switching from heavy fuel oil to gas oil and natural gas. In addition, the government required electrostatic precipitators to be installed on smokestacks where particulate matter is a problem.

Further progress will be difficult and expensive. Yoshino says that 30 per cent of the problem is from nature, and cannot be controlled. Another 30 per cent of particulate matter is generated by chemical reactions of other pollutants, such as nitrogen and sulphuric acids. Some 20 to 30 per cent of the total is caused by the carbon particles from diesel fuel.

● NOx: The level of nitrogen oxides in Tokyo's air has remained stubbornly high since the late 1960s. While the government has fixed a target of reducing NOx by 50 per cent in 10 years, it has no concrete method of achieving this. "We are depending on a technological breakthrough," says Yoshino. This could be a new catalyst, which car companies the world

over are researching, use of methanol engines or electrically-powered cars.

● Ozone: Photochemical oxidants, experienced as urban smog, are also an enduring problem that is occasionally severe enough for the city government to order some plants to cease operating. Barring an unforeseen technical breakthrough, significant progress on particulate

matter, NOx and ozone is difficult to imagine without a reduction in the activities, particularly automobile traffic, that cause them. For Tokyo, however, this is especially hard to engineer. The city already has superb public transportation, so there is little hope of coaxing more commuters out of cars by offering a better alternative.

Road pricing schemes look especially hard to implement because traffic congestion is spread over a huge area, rather than in the centre of the city. Much of the diesel fuel is also consumed by delivery trucks, which are the economic lifeline of the city.

Further progress is likely to come slowly, if at all. In the meantime, city residents can console themselves that at least the moss does not seem to mind.

Next week's article will focus on Athens.

We are a wholly owned subsidiary of a large Finnish investment company with stability and financial strength, committed to the financial services industry. The London office is engaged in proprietary trading only, specialising in options market-making and futures trading with emphasis on systematic analysis and advanced risk management.

We delegate full responsibility to our traders and concentrate on the individual.

FUTURES TRADER

We are looking for a skilled trader with a minimum of two years experience of trading his/her own book in major futures markets. The successful candidate must be able to take full responsibility for both analysis and trading implementation.

OPTIONS MARKET MAKER

We are looking for a floor or desk trader/market-maker with at least two years' experience of trading an options portfolio. You will take full responsibility for running your own book.

We offer a fixed salary of £30-35k plus 15-25% commission.

To apply, please telephone 071-581 4888 and request an Application Package or write to: Servisen (UK) Ltd., Mr Olof Neiglick, 178 Brompton Road, London SW3 1HQ

SERVISEN

FINANCIAL SERVICES

SERVISEN (UK) LTD

Member of the SFA and the London Stock Exchange

Senior Credit Analysts

c £30,000 + car + banking benefits C. London

The Royal Bank of Scotland is one of the UK's most prestigious financial services groups, with an enviable reputation for integrity, financial stability and quality of service.

The recent reorganisation of our Branch Banking Division has created a number of opportunities for Senior Analysts within our credit control function, based in Central London.

These key positions provide the analytical platform for sound decision making on proposals requiring considerable research and detailed background information. Responsibilities will also include the supervision and control of advances.

A qualified accountant or ACIB, you should have extensive bank lending experience, in-depth technical understanding of relevant enacted and case law and knowledge of bank lending schemes.

In addition to an attractive salary, we can offer a full range of banking benefits, including company car.

To apply, please send a full cv, to: Tony Russell, Senior Personnel Manager, The Royal Bank of Scotland plc, Regent's House, PO Box 348, 42 Islington High Street, London N1 8XL.

Committed to Equal Opportunities. 


The Royal Bank of Scotland
WHERE PEOPLE MATTER

CLIENT INVESTMENT SERVICES

Gulf Based Tax Free Package

Our client, a major Arab banking institution, now seeks to strengthen the management team within its client investment department by appointing two high calibre professionals who enjoy challenge.

Head of Investment Marketing

We seek a highly motivated, professionally qualified, marketer to initiate, direct and implement the strategy for the delivery of our client's wide range of investment products. The successful candidate will have an extensive knowledge of international equity and bond markets as well as a sound understanding of unit trusts and some understanding of Islamic investments. Strong man management skills are essential as is a profitable track record which demonstrates an innovative approach to product development and sales. Knowledge of Gulf markets is desirable.

Head of Investment Operations

This important role manages the support function for the bank's investment services. In addition to responsibility for administration, accounting and reporting, the position also encompasses settlements and share custody supervision. The ideal candidate will have an in-depth exposure to securities back office operations. A thorough knowledge of back office systems would be a considerable benefit.

In each case proficiency in Arabic would be preferable. Interested individuals should either telephone or send their curriculum vitae in strict confidence to Walter Brown or Philip Wright.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

7 Birchlin Lane London EC3V 9BY Tel: 071-595 6050 Fax: 071-626 2092

A member of The Devonshire Group Plc

UNADVERTISED VACANCIES?

MAKING A CAREER MOVE?

Do you know how? We did. We also know that most senior positions are not advertised. Our expertise can help you find them and make your job search process.

Unemployed clients are automatically registered for consultancy or interim management assignments. All Top UK companies use our outplacement services.

Special services for EX-PATS. Call your nearest office for a meeting without cost.

32 Southview Lane, London W12 1AG Tel: 071-626 2092 Fax: 071-294 2820

22 Southview Lane, Birmingham B1 1LS Tel: 021-493 2335 Fax: 021-493 4272

Commaught Mainland

HONG KONG EQUITY SALES

The London Subsidiary of a leading Hong Kong Stockbroker seeks equity sales person with institutional experience. Knowledge of the Hong Kong market in particular and the South East Asian markets in general preferred but not essential.

Write to Box A1777, Financial Times, One Southwark Bridge, London SE1 9HL

APPOINTMENTS WANTED

SENIOR EXECUTIVE INTERNATIONAL FINANCIAL SERVICES

Builder/manager of financial service businesses seeks suitable position, based in London. 25 years international experience with concentration in Europe/US. Focus on consumer/investment banking in strategy formulation, acquisition, restructure, divestiture and management of regionally-orientated financial service organisations. (Harvard MBA).

Write Box A1768, Financial Times, One Southwark Bridge, London SE1 9HL

GLOBAL EMERGING MARKETS

Baring Asset Management, the investment management arm of Barings, is seeking to recruit an investment manager/analyst with an established international perspective, to join the Emerging Markets team which is responsible for co-ordinating asset allocation, product development and client relationships on a global basis.

The ideal applicant will have two or more years experience in investment management, preferably in emerging markets. Foreign language skills would obviously be an asset. Longer term, there may be the opportunity to work overseas.

The highly competitive remuneration package will include a performance related bonus and other banking benefits.

In the first instance written applications should be sent to Peter Phillips, Rada Recruitment Communications, 195 Euston Road, London NW1 2BN.

Summit Briggs Evans Limited

STRUCTURED FINANCING

Summit Briggs Evans Limited is one of the leading arrangers of UK and Cross Border leases and other structured financings with complex tax and accounting considerations. Over the last 12 months, we have originated, structured and placed over £500 million of such transactions for many of the UK's leading companies and financial institutions.

We now wish to recruit an additional technically creative individual who possesses outstanding computer modelling and financial optimisation skills. The role will encompass the modelling of complex dynamic transactions, using Lotus 3.0 or 3.1, in support of a team of experienced negotiators and structurers with accounting, legal and evaluation skills.

Suitable applicants are likely to be mathematics or science graduates with an in-depth knowledge of numerical analysis. Applicants should have at least two years' relevant post graduate experience with a Merchant Bank or similar financial institution.

The total compensation package includes a competitive salary, performance related bonus and other attractive benefits.

Interested candidates should write with full personal and career details to Evelyn Markus, Summit Briggs Evans Limited, 84 St Katharine's Way, London E1 9YS.

All applications will be treated in the strictest confidence.

Summit Briggs Evans is part of The Summit Group PLC, whose institutional shareholders include GEC, Marubeni Corporation and a number of leading financial institutions.

ARTS

Margaret Price

QUEEN ELIZABETH HALL

The years continue to pass without Margaret Price receiving the royal honour that is her due. It may be that the criteria by which these decisions are made cannot be divulged, but it is starting to look as though a career largely furthered and celebrated across Europe is no substitute for a more insular popularity at home.

On Friday the singer was in London for a recital at the Queen Elizabeth Hall. The programme was all German song, Schumann and Brahms, and it only served to emphasise what a European artist Miss Price has become, for there are not many native German-speakers who sing Lieder as eloquently at the moment; and there have been precious few British singers to equal her in this field at any time.

In Schumann's *Kerner Lieder*, Op.35, never much loved by audiences for their heavy-weight Teutonic romanticism, she came up against memories of past London interpreters such as the late Dame Kiri Te Kanawa and Dietrich Fischer-Dieskau, and radiated a beauty over the music that the others could not match. The songs were sung slowly and, as is her inclination, in too deliberate a manner. But the audience was held.

Above all, one felt for the first time that the songs made sense as a cycle. The feeling of a sunlit warmth of emotion, at first starting to melt the chill ending of "Frage" and then flooding out through "Stille Tränen", was gloriously handled, both by the soprano and her accompanist, Graham Johnson. This is the way to catch the music's heartbeat and the performance made a deeply moving descent down to the numbed desperation of the ending.

In her Brahms - a selection of eight Volkslieder and the *Zigeunerlieder*, Op.103 - lighter moods predominated. A delicious sentimentality for "Da unten im Tale"; no false attempts at funny voices for the ever-popular "Vergebliches Ständchen". And, always, the purity of the voice and the unforced utterance of the German poetry were there to give pleasure. For singing of this quality no further recognition is perhaps necessary.

At the other end of the scale, just starting out on a career which one trusts will live up to its initial promise, is the young soprano Alison Buchanan. Still in her early 20s, she appeared on Thursday in the "Young Artists" lunchtime recital series at Covent Garden, coincidentally accompanied by a young pianist, Eugene Axt, who has himself been working with Margaret Price.

It was an enjoyable occasion, not maybe one to burn itself upon the memory, but leaving a feeling of considerable optimism for the future. This is based largely on the beauty and ease of Miss Buchanan's voice. Nothing in a quite adventurous programme seemed to trouble her vocally at all. The tone is attractively warm, beautifully limpid, a voice born of nature, not of artifice.

She sang her Debussy and Wolf songs with due care for style and language, though not yet quite enough personality. Once into English-language songs by Walton, Copland and Bolcom, the face lit up and so did the words. Her Cole Porter encore about the little oyster was sheer delight: a delicious lunchtime find.

Richard Fairman

TELEVISION

For the chattering classes

On Friday ITV began its six-part *Growing Rich*, about three girls from a small town in East Anglia and their involvement with the devil. Tomorrow Channel 4 begins its adaptation of Mary Wesley's novel *The Camomile Lawn* with a two-hour episode which will be followed by three more, each of 60 minutes, telling the story of three generations of a family, between 1889 and 1984. These are both "prestige" productions, which is to say that well-known people are involved, they were expensive to create, the makers will hope for fairly large audiences, the chattering classes are expected to chatter, and there are good prospects of international sales.

Having watched three episodes of *Growing Rich* and the whole of *The Camomile Lawn* I can report that both also offer a high level of entertainment. As we have come to expect from Fay Weldon, certainly since *Life and Loves of a She Devil* and *The Cloning of Joanna May* but, to some extent, even before that, much of the pleasure comes from the combination of the and the contrast between television's familiar naturalism and frequent blasts of the supernatural.

The devil, known as The Driver, is chauffeur to Sir Bernard Bellamy (John Stride) the local Mr Big who, we suspect, must have some sort of Faustian bargain in his background. Since the three girls fall their exams The Driver seems their best bet for getting out of dreary Fenside, though the series is continually good to look at, especially in reality shots in New Zealand where we follow what happens to Annie.

Having said all that, is this anything more than a rather fancy woman's magazine story? Given that one of the central characters is the devil,

horns, and when Carmen is trying on a revealing dress he enlarges her bust and narrows her waist until she becomes a parody of the voluptuous female.

There are beautifully observed moments, as in this week's episode when the girls go to Sir Bernard's new hotel for job interviews and enter through the front door. Snooty Mrs Haverill, the housekeeper, tells them to use the staff entrance, but Carmen, who noticed Sir Bernard ogling her at the school prize giving, flounces over to a chair and flops down, baring her skirt to reveal a lot of leg to Sir B. The short scene that follows, between these three and Sir Bernard's fiancée, provides a guided tour of one of those Andrea Newman serials in which the main concern, in the end, is how many more sexual pairings can be arranged without credibility disappearing entirely. Will they sleep with both the twins? Simultaneously? Will it be Oliver or Tony for whom Calypso first removes her emilknickers? The story is of a family, consisting largely of cousins, who meet as usual for a summer holiday in Cornwall in 1938 at the house with the camomile lawn planted by Aunt Helena (Felicity Kendal). Many of the younger characters then join the armed forces and most of the rest of the action takes place in London during the second world war. It is compelling, almost addictive stuff, after the first hour or so you really do want to know what happens next to these people - *Coronation Street* for *Police* drivers.

After the last 25 years of British television drama it would, I suppose, be quite impossible now to produce anything set in the 1940s which did not feature scrupulously authentic steam trains, vintage motors, enamel hoardings for Players Navy Cut, and Fair Isle pullovers. They are here in the usual quantities, and, under Peter Hall's direction, it was found necessary to fit anti-shatter tape on the windows of not just one house but an entire terrace, so that those white diamonds could be seen in the background of tracking shots. Would that the same dedication had gone into illustrating the way in which the war altered people.

True, the bank rate gets very high, with affairs arranged rather as they are in the

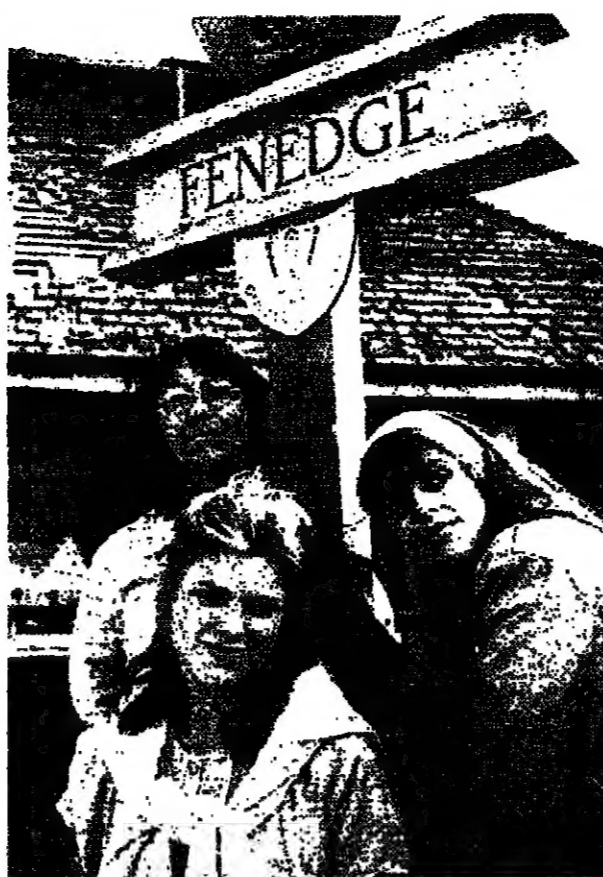
cricket World Cup so that everyone is eventually paired with everyone else. There is not merely the usual bonking in the bedroom but also bonking on the train, bonking on the sofa, bonking in the front hall and even bonking on the camomile. This makes it much more fun than the usual war story in which people are forever being sickeningly violent, but there is precious little attempt to move beyond the exigencies of the plot to make any sort of observation about war or ageing or love or marriage, even though these are the threads on which the tapestry is supposed to be woven.

There are interesting twists: Calypso marries for money, but falls in love with her husband; generations of girls discover that good old Uncle Richard has been putting his hand up their skirts but conclude this isn't "terrible" as one says but boring; and it turns out that even concentration camp survivors can be rather unpleasant people. But without crying out for the over-arching human understanding of a Tolstoy, one is surely entitled to expect something more than such little twists after five hours of drama. It is entertaining, it really is, both these serials are, but we know that television is capable of more.

Once again the lit. crit. brigade will smile pityingly and say that mere television can never explore the human mind nor illustrate the human condition with the subtlety, expressiveness, or precision of print. But those of us who watched Dennis Potter's *Singing Detective* know that television can, indeed, penetrate and map that internal landscape of the mind which was once sole territory of the novel. And anyone who saw the whole of Kieślowski's marvellous *Ten Commandments* realises that television can talk to us with tremendous power about the human condition.

Growing Rich and *The Camomile Lawn* are two highly entertaining serials but it is surely not unreasonable to ask for a little more ambition from television drama departments.

Christopher Dunkley



Addictive stuff: Claire Hackett, Caroline Harker and Rosalind Bennett in 'Growing Rich'; and Felicity Kendal and Paul Eddington in 'The Camomile Lawn'



The Road

THE COCHRANE THEATRE

The black Talawa Theatre Company has taken up long-term residence at what we used to know as the Jeannette Cochrane, now brightly refurbished by a Nigerian architect. Talawa's most recent successes have been in Wilde and Shakespeare, but understandably they have chosen an African play for their housewarming. Not that they play Wole Soyinka's piece (first seen in 1965 at Stratford East) as to the manner born, exactly - there are almost as many different black English accents to be heard as there are actors.

The *Road* is meant to be played out "on the edge of a Lagos motor park". Sue Bayes has set it on and among stately heaps of wrecked cars - the Arrabal echo is apt - stacked two and three deep, which immediately fix one theme of the play: that on this road, nobody is going anywhere much. At the rear a handsome arch of stained-glass, suggesting the Christian church that haunts the "Professor's" mind, is composed of shattered windcreens. There is indeed scarcely any real action, but any amount of colourful byplay, and the car heaps provide ideal springboards for strutting, maniacing, leaping and rapid vanishing and reappearances. (The upward hops from ground to car-roofs are particularly impressive.)

As directed by Yvonne Brewster, the acting is extrovert and physical above all. The mostly low-life characters have the sharpness of 3-D cartoons: the central pair of no-hopers Samson (Cyril Ikchukwu Nri) and Kotonu, who has gone off being a hired driver (Willie Jonah), the charismatic, obsessive "Professor" (Ben Thomas

with elegant spectacles, watch-chain, shooting-stick and stage-British diction) who has a nice little earner in driver's licence forgery, the American sheriff-style police chief (Gregory Munroe) in cahoots, the wide-boy Say Tokyo Kid (David Webber), Steve Ashton, Lenny (Alvern Edwards) and Akim Mogaji offer vivid silhouettes, too.

In fact this crew recalls Kurosawa's version of *The Road to Damascus*, and even O'Neill's *The Iceman Cometh*. Almost everybody projects an image with hopeful, hopeless bravado - but nobody believes anybody else. Current folklore has it that Nigerian social intercourse runs on just such funny terms: that may be a myth, but Soyinka illustrates it with bitter, satirical conviction. He does it, however, in language that runs the gamut between what seems to be pungent Nigerian English and his own extravaganzas upon it: polysyllabic, impacted and gnomic.

As delivered in all these tantalising dialects, too much of it was impenetrable. For most of the audience, understanding two lines out of three in the first hour or so would have been better than par for the course. Probably we missed flashes of individual character beyond the cartoons; certainly the motor of the play, the Professor's mad, visionary drive toward a blasphemous ceremony which leaves everyone shaken and horrified, revolved in profound obscurity. Though the dramatic rhythm was persuasive enough, we needed - well, subtitles.

David Murray

Jan Garbarek Group

ROYAL FESTIVAL HALL

That Jan Garbarek's best selling album, "I took up the runes" (ECM 1419/New Note), says much about his recent playing and writing. One of the German label's most popular artists, the saxophonist's mistily evocative music is currently spreading around the UK as part of the newly launched Silk Cut City jazz programme.

His group looks and sounds a splendidly Norse affair, as befits the material. Beside the ascetic form of black-suited Garbarek sits Bernhard Weber, flaxen hair falling around his electro-bass contraption. Marilyn Mazur, from Denmark and previously heard with Miles Davis and Wayne Shorter, stands in the middle of a mixture of exotic percussion and conventional kit performing an elfin dance. The round, bald, yet otherwise hirsute head of Rainer Brüninghaus peers out from behind the keyboards which provide the chilly soundscape.

The trademark plaintiveness of Garbarek's own playing cuts this melancholic accompaniment through, simple hummable melodies ebbing and flowing between stark improvisation. With the thematic material of "Runes", which quotes Nordic folk tales or jokes, he switches easily from swirling drama on tenor to persuasive and snaking lamentation on soprano. Garbarek might not improvise in the conventional jazz sense, but

his shrill solo excursions are a marvellous and integral part of the whole.

Weber, an ECM frontman in his own right, is also a unique soloist: the mastery technique and bass technology summed up to great melancholic effect. Bowed, plucked, whistled and beaten before passing through his box of pedalled tricks, the electro-bass's rich sounds are mesmerising in his hands. Garbarek's arrangements, with their strong melodic undercurrents, are ideal for Weber's romantic and grandiloquent ideas.

Mazur, who replaces Nana Vasconcelos in the original Runes line-up, should simply add to the Scandinavian element but instead brings a curious Eastern feel with her tiny bells and gongs. Her playing has the appearance of musical Tai Chi as she makes sweeping runs around the cymbals and then suddenly drops to her feet to strike at wood blocks. Brüninghaus, in control of the dynamics with his synth, is a strict soloist at the grand.

If Garbarek's work with this ensemble is designed to send a shiver down the spine it does so pleasantly. It fills the senses with North European tradition, the smell of conifers and wood smoke. One can only wonder at what his next outing on ECM will offer, given that it features musicians from Pakistan.

Garry Booth



Cyril Ikchukwu Nri (top) and Akim Mogaji

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

BERLIN

Deutsche Oper 19.30 Jiri Kout conducts Gunter Kramer's production of *The Makropoulos Case*. Tomorrow: Dör Hagedorn's production of *Die Frau im Mond* (West Berlin 3410 3449).

BRUSSELS

Palais des Beaux Arts 20.00 Maurizio Barbacini conducts the Orchestra and Chorus of the Monnaie in a concert performance of Rossini's *La donna del lago*, with a cast including Katia Ricciarelli, Martine Dupuy and Raul Gimenez, also Sun (219 6341). Tomorrow: Stanislaw Skrowaczewski conducts the Belgian National Orchestra (507 8200). Théâtre National 20.30 Giovanni Macchia's new play *Le Silence de Molière*, about Molière's reclusive daughter, is directed by Dominique Valadié and directed by Jacques Nichet. Daily except Mon till March 14 (217 0303).

CHICAGO

Orchestra Hall 19.30 Chedamin

Trio plays piano trios by Beethoven, Smetana and Eugene Goossens. Tomorrow, Fri, Sun and next Tues: Erich Leinsdorf conducts the Chicago Symphony (435 6666).

DRESDEN

Semperoper 19.00 La bohème, also Mon. Tomorrow: two ballets by Johannes Böhm. Fri: Così fan tutte, Sat and Tues: La Cenerentola with Kathleen Kuhlmann, Raul Gimenez and Elke Wilgert. Sun: *Le nozze di Figaro* with Olaf Bär (4842 323). Schauspielhaus 19.00 Grillparzer's play *Die Jüdin von Toledo*. Tomorrow: Maxim Gorki's *Summer Folk*. Fri and Sat: *The Threepenny Opera*. The Kleines Haus has George Tabori's *Mein Kampf* tomorrow, a stage adaptation of Orwell's *Animal Farm* on Fri and Chekhov's *Uncle Vanya* on Sat (4842 429).

LONDON

Guildhall School 19.00 Clive Timms conducts first night of Robin Tubbitt's new production of Britten's *A Midsummer Night's Dream*, designed by Will Hargreaves. Repeated on Fri, also next Mon and Tues (071-638 8891). Covent Garden 19.00 Jeffrey Tate conducts John Schlesinger's production of *Les Contes d'Hoffmann*, with a cast including Jerry Hadley, Gregory Yurisich, Jean Rigby, Leonida Vaduva, Anne Howells and Sumi Jo. Tomorrow: Kenneth MacMillan's *Manon* (071-240 1066). Coliseum 19.30 Jacek Kasprzyk conducts Jonathan Miller's *ENO* production of *Il barbiere di Siviglia*, with Michael Lewis as Figaro and

Eirian James as Rosina, also Sat. Tomorrow: Street Scene (071-836 3161). Royal Festival Hall 19.30 Michael Reed plays Schumann's Piano Concerto and Julian Lloyd Webber is soloist in Saint-Saëns' First Cello Concerto, with the London Mozart Players conducted by Harry Blech. Tomorrow in RPH: Montserrat Caballé. Tomorrow in QEH: Glönn Kremer (071-638 8800). Barbican 19.45 Charles Groves conducts the London Concert Orchestra and London Choral Society in a programme of operatic excerpts, with soloists Josephine Barston, David Rendall and Donald Maxwell. Tomorrow: Oliver Knussen conducts the BBCSO (071-638 8891).

MILAN

Teatro alla Scala 20.00 Jonathan Miller's production of *Manon Lescaut*, daily till Sun. Maria Guleghina and Adriana Morrelli alternate in the title role (7200 3744).

NEW YORK

THEATRE ● Crazy for You: Harry Groener and Jodi Benson star in a musical comedy set in the 1930s, focusing on a banker's son who is sent by his mother to foreclose a theatre and falls in love with the only girl in town. Book by Ken Ludwig, music by Gershwin (Shubert Theatre, 225 West 44th St, 239 6200). ● Before It Hits Home: Cheryl West's play centres on what happens to a black family when the spectre of AIDS brings home the truth about the jazz musician

they love. Runs till March 22 (Public Theatre's LuEsther Hall, 425 Lafayette St, 598 7150). ● Ghosts: Ibsen's 1881 classic directed by Robert Bink. Runs till March 11 (Pearl Theatre, 125 West 22nd St, 645 7708). ● Macbeth: an adaptation of Shakespeare's play, drawing parallels between the clans of Scotland and the syndicates of 1927 Chicago. Runs till March 16 (Theatre-Studio, 750 Eighth Ave, second floor, 719 0500).

● Ticketron answers inquiries and sells tickets for most shows on and off Broadway (245 0102).

MUSIC ● Avery Fisher Hall 20.00 Giuseppe Sinopoli conducts the New York Philharmonic Orchestra in Dvořák's Cello Concerto (soloist Heinrich Schiff) and Mahler's Fourth Symphony (soloist June Anderson). Repeated tomorrow, Fri afternoon, Sat and next Tues (875 8030). Metropolitan Opera 20.00 Nello Santì conducts *Rigoletto*, with Ruth Ann Swenson, Richard Leach and Leo Nucci. Tomorrow: Don Carlo (382 6000).

PARIS

DANCE ● Pétrole Garnier 19.30 Opening night of a short season by the Ballets de Balie daily till Sun. Next week: Paris Opéra Ballet in Picasso's *La Danse* (4017 3535). Théâtre de la Ville 20.30 Two choreographies by Claude Brumachon, featuring his recently-founded company from Nantes. Repeated Fri and Sat (4274 2277). MUSIC ● Salle Pleyel 20.00 Das Rheingold:

opening of a concert cycle of The Ring conducted by Marek Janowski, with the Orchestre Philharmonique de Radio France and a cast including James Morris, Ekkehard Wäschke, Graham Clark and Hanna Schwarz. Sat: Die Walküre. Next Tues: Siegfried. March 14: Götterdämmerung (4563 0795). Tomorrow in Châtelet: Semyon Bychkov conducts the Orchestre de Paris (4028 2240). Opéra Bastille 20.00 First night of David Pountney's production of Elektra, conducted by Michael Schoenwandt and designed by John Bury. The cast includes Gabrielle Schmutz, Karen Huffstodt and Helga Dernesch. Runs till March 23 (next performance on Sat), with a further series in May (4001 1616).

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8888.

PRAGUE

Tonight in the Smetana Hall: Martin Turnovsky conducts the Prague Symphony Orchestra in Beethoven's Fourth Symphony, Martinů's Oboe Concerto (soloist Libena Sequeardova) and Janacek's Sinfonietta (u Praze brany 2, 222 5858). Tomorrow and Fri: Heinrich Rilling conducts the Czech Philharmonic Orchestra and Prague Philharmonic Choir in the Mass for Rossini, written by various 19th century Italian composers including Verdi. The soloists include Eva Randova and James Wagner (231 9164). For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Příkopě 16, 228738,

or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

STOCKHOLM

Konserthuset 19.30 James DePriest conducts the Stockholm Philharmonic Orchestra in Gleditsia's Offertorium (soloist Ole Krys) and Saint-Saëns' Organ Symphony (soloist Hans Fagius), repeated tomorrow (244130). Fri in Berwaldhallen: Esa-Pekka Salonen conducts Bartók's Third Piano Concerto (soloist Andras Schiff) and Dallapiccola's one-act opera *Il prigioniero* (784 1800).

VIENNA

Kammeroper 19.30 La bohème: a new German-language production staged by Bruno Stefan and conducted by Conrad Artmüller. The performances tonight and on Sat are previews, with the premiere next Mon. Runs till April 25. The cast includes two British singers: William Mackie as Colline and Andrew Murphy as Schaunard (513 6072). Staatsoper 19.00 Václav Neumann conducts Rusalka. Tomorrow: Il barbiere di Siviglia (51444 2960). Musikverein 19.30 Hans Graf conducts the Salzburg Mozarteum Orchestra in a programme including Brahms' Double Concerto, with Thomas Zehetmair and Mischa Maisky, repeated tomorrow. In the Brahms-Saal, Marjana Lipovsek gives a Lieder recital (505 8190). Ronacher 20.00 Cullberg Ballet Stockholm in Mats Ek's production of Swan Lake, also tomorrow. Vienna Dance Festival runs till March 29 (588 1678).

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 2000-2030, 2300-2330 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel 0830-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV

0830-0900 (Tues) Spiegel TV - Int'l Report - the real world of documentary

2130-2200 (Tues) Media Europe - what's new in European media business

2130-2200 (Wed) FT Business Weekly - global business report with James Bellini

0830-0900 (Thurs) Media Europe Weekly

2130-2200 (Fri) FT Business Weekly

2130-2200 (Fri) Spiegel TV - Int'l Report

Sky News 0130-0200 (Mon), 2130-2200 (Thurs), 0500-0600 (Fri, FT Business Weekly)

SUNDAY CNN 0900-0930 World Business This Week - a joint FT/CNN production

1800-1930 World Business This Week

Super Channel 1930-2000 FT Eastern Europe Report

SUNDAY CNN 1030-1100, 1800-1930 World Business This Week

Super Channel 1800-1930 FT Business Weekly

Sky News 1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Wednesday March 4 1992

Extra hurdle
for Emu

IN PRESSING for the plan for European economic and monetary union (Emu) to be based firmly on price stability and fiscal discipline, the German government and the Bundesbank have done Europe a service. The principles of economic management which have fostered the strength and stability of the D-Mark are the only ones suited to guide the journey towards a single European currency.

The Emu treaty agreed at the Maastricht summit in December does not fulfil all Germany's wishes. But it ensures that the criteria for selecting the countries taking part in Emu, and for operating the system when and if it becomes a reality, will embody the Germans' own standards of financial rectitude. As Chancellor Helmut Kohl keeps pointing out, the legal statute for the mooted European central bank is more unambiguously geared to fighting inflation than the 1957 Bundesbank Law.

Despite these successful features, Maastricht was not a triumph for either German or EC diplomacy. There is still ample opportunity for upsets; and one now seems to have emerged, with the likelihood that the German parliament will ratify the Maastricht treaty this summer only with important strings attached. The procedural details have not yet been worked out. But both chambers of parliament, the Bundesrat and the Bundestag, are expected to insist on the need to re-examine the Emu treaty in 1996 as a prime condition for passing the Maastricht agreement this summer.

Final say

German officials say that adding an extra hurdle to the ratification process is necessary for fundamental constitutional reasons. The German line is that parliament, not the executive, has to have the final say in deciding whether Emu really will conform to Bundesbank-style "stability-first" principles. German officials declare that this does not add up to a backdoor escape route from Emu. Nonetheless, insistence on fresh parliamentary appraisal in four years' time throws an undoubted spanner into the Maastricht works,

which could disturb the ratification. There are some undoubted similarities to the motives which led Britain to negotiate its celebrated "opt out" clause. In view of the D-Mark's status as Europe's strongest currency, the Germans have much more to lose through Emu than anyone else. Though in different circumstances to Britain, Germany shares the same reluctance to give up its monetary sovereignty unless it is sure that its national interests will be met.

More to lose

Behind Bonn's wish for extra conditions, there are some undoubted similarities to the motives which led Britain to negotiate its celebrated "opt out" clause. In view of the D-Mark's status as Europe's strongest currency, the Germans have much more to lose through Emu than anyone else. Though in different circumstances to Britain, Germany shares the same reluctance to give up its monetary sovereignty unless it is sure that its national interests will be met.

That is a legitimate anxiety. But, having signed up for Emu at Maastricht, Mr Kohl will now need to make maximum efforts to ensure that a wish for extra safeguards is not interpreted in other EC capitals as a sign of flagging interest. The "irreversible" element that Bonn should agree nothing which sets down an automatic expiry date for the D-Mark. Furthermore, Mr Kohl received only the vaguest of commitments by the other EC countries to proceed towards European political union - a goal which Mr Kohl himself had set as the prime condition for giving his blessing to Emu.

Mr Kohl's dilemma is a delicate one. By appearing three months ago to make Emu virtually a fait accompli, he bowed to the demands of the Emu protagonists in France and Italy - but has reaped antagonism from important parts of the German body politic.

Mr Kohl will not be able to please both groups. Germany is right to insist that conditions be met before the move to Emu takes place. But the way this requirement is being reintroduced is bound to rekindle doubts about the credibility of its European commitments.

Future of
tax reform

WHEN NORMAN Lamont rises to deliver his budget next Tuesday, he will also shape the election campaign. For what he says will tell the electorate far more about his party's vision of the future than about the immediate economic prospects of the UK.

On the role of public spending, Mr Lamont is, unfortunately, sure to be silent. Nor can he respond to informed public discussion of medium-term fiscal options. Not only does the British chancellor continue to purvey two half budgets a year, but he also appears into "purdah" prior to the great day. While Mr Lamont has been more forthcoming than usual, electioneering, not more informed public discussion, has been his motive.

The British tax system faithfully reflects the lack of coherent public debate and the partisan politics that surround it. It is why, for example, the focus is on the basic rate of income tax. Yet this is much ado about nothing. Not only does income tax generate only a quarter of public revenue, but the basic rate of 25 per cent is among the least distorting taxes in the entire system.

Mr Lamont should try to rise above the limitations of British budgetary theatre. He should do more than offer a few electoral bribes. What is needed is an agenda for reform.

Impractical commitment

For reform is still needed. Mr Lamont should, for example, admit that Nigel Lawson's commitment to a comprehensive income tax was impractical. It has, in any case, not happened. The drift has been in the direction of taxation of expenditure. That development can be taken further, if not through a comprehensive expenditure tax, at least through the extension of the assets included in personal equity plans. Meanwhile, the tax deductibility of mortgage interest must, on no account, be raised in order to "kick start" the housing market.

A fully fledged system for the taxation of expenditure would fit with the abolition of capital gains tax, a tax that is largely voluntary and also entails double taxation of retained earnings. But such a change would be unacceptable

without reform of inheritance taxation. The ideal here would not be its abolition, but rather the taxation of large receipts, whether as gifts or bequests. Treatment of inflation remains anomalous. Capital gains are indexed-linked, but that is true of neither depreciation nor interest income. The former defect is important in the corporation tax. The failure to provide adequate depreciation allowances creates a further bias against investment.

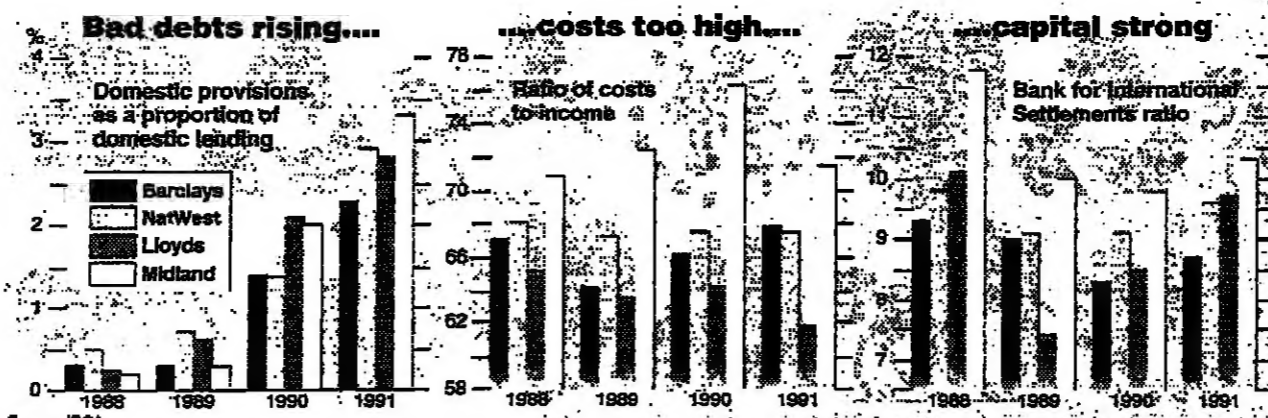
Integrated system

Then there is integration of taxation, national insurance and social benefits. National insurance, for example, generates almost two-thirds as much as income tax. Yet the tax bears no relation to individual entitlements. What it does do is allow the government to focus on the surpluses of the rate of tax, while ignoring the 34 per cent marginal tax on those earning less than £20,280 per year (42.6 per cent if employers' contributions are taken into account, as they should be).

No less troubling is zero-rating of VAT on clothing, food, fuels and fares. Complete abolition could raise as much as £12bn. If the proceeds were used to fund additional welfare benefits and lower tax rates, the result could still be substantially more progressive than at present. It can never be said too often that subsidising particular goods is never the best way to help the poor.

If this does not provide Mr Lamont with an adequate agenda, he can go green. How, for example, should he respond to the car industry's bleats about car tax? He should abolish it, making up the difference by increasing taxation of petrol. An increase in the latter of at least 10 per cent would do it.

Nobody expects an ideal tax system: but the chancellor should propose one that is more coherent than the UK's. Everybody expects political debating points; but the chancellor should recognise the importance of fiscal stability. Few expect a complete philosophy of fiscal reform, but Mr Lamont can do far better than a penny or two off the basic rate, increased mortgage interest deductions, and tax deductibility for Norland Nannies.



Bank icons under threat

Robert Peston examines the response of UK clearers to poor results

Mr Brian Pearce is something of an iconoclast, for a lifelong banker. Reflecting on the recent financial results of the English clearing banks - their worst since the 1930s by most measures - Midland's chief executive wondered whether a clearing bank needed to be involved in the transmission of money.

Here speaks the banker's heretic. The process of collecting cheques and shipping them to the payee's bank underlies all clearers' mainstream activities. Mr Pearce's question is the equivalent of British Rail's chairman asking whether BR should be involved in managing the national network of railway lines.

But Mr Pearce believes that the clearers - Barclays, National Westminster, Midland and Lloyds - have been so shocked by their financial results that they will "have to re-examine the fundamentals of how they operate". The spotlight must fall on their money transmission networks, which have huge running costs.

The weakness of their performance is shown up by the better figures released yesterday by Abbey National, a much simpler business serving personal customers. An analysis of the clearers' results shows why a re-evaluation of the way the industry operates may be necessary. Last year the clearers lost £5.6bn on their loans - or to use the technical term, they made provisions to cover loan losses of that magnitude.

The bad debt charges were the biggest ever to afflict these banks - a particular humiliation given that they arose in the heart of their traditional business, lending to small companies and individuals.

However, the threat to the English clearers should not be exaggerated. They all remained in profit, in spite of the fears of industry observers that NatWest and Midland would fall into losses for the first time since they began to disclose their profit and loss accounts two decades ago.

Indeed the clearers pushed up revenues from fees and commission and increased their interest earnings, so they all made record trading profits if the effect of bad debt charges is excluded.

The profits picture has prompted complaints from consumer pressure groups that customers are being forced to pay - in higher charges and wider margins between borrowing and lending rates - for

the banks' lending mistakes.

However, it is arguable that some customers were undercharged in the 1980s. For instance, Midland's charges and interest rates for personal customers were uneconomic for many years. Although there is no doubt that the banks are able to push up prices once or even twice with impunity - because customers are slow to move their accounts when dissatisfied - there is little prospect of their obtaining growth from further such rises. They face too much competition from other financial institutions in all their main markets, except perhaps the business of supplying services to small companies.

"They cannot continue pushing up charges indefinitely, or they will lose business," comments Mr Robin Monro-Davies, managing director of IBCA, the agency which rates banks' performance.

Last year's increase in lending margins should be viewed as a blip in a long-term trend of declining margins. Figures from Lloyds show the margin on UK lending fell continuously from 7.1 per cent in 1982 to 5.1 per cent in 1990, excluding interest lost on loans that had gone bad, before recovering to 6.3 per cent in 1991.

Mr Brian Pitman, chief executive of Lloyds, is equally pessimistic about the prospects of pushing up non-interest earnings. "We expect revenue growth to be sluggish throughout the 1990s," he says. "The key challenge is to adjust the cost base to the lower revenue base - cutting costs is the core of Lloyds' strategy."

Last year, only the running expenses of Barclays rose sharply. In the case of Lloyds and Midland, overheads were static and at NatWest they rose in line with inflation.

Savings were mainly achieved by quietly cutting staff, with significant consequences. In total, the banks reduced their worldwide workforces by 22,000 to 339,000 - and are likely to cut up to 15,000 in the current year.

But there is a limit to how far banks can cut costs by closing branches and reducing numbers without alienating both staff and customers. Mr Monro-Davies says: "If banks' profits are to grow significantly over the next few years, they need reductions in the bad debt charge."

Improving the quality of loans is also a personnel issue. The concept of individual responsibility for decisions was eroded by a trend to centralisation in the 1970s and 1980s. In most industries, the disclosure of such poor results would have led to sackings and demotions of the managers responsible. But bankers blame the recession first and foremost for their bad debts.

Lord Alexander, NatWest chairman, says no one at his bank has been dismissed as a direct result of having lent imprudently. "The spotlight has not fallen

on a person or persons for bad lending," he says. Mr Pearce, who says Midland has dismissed some bankers for making bad loans, accepts that nonetheless there is a problem in attributing blame to individuals, because bad loans were approved by credit committees consisting of several managers and executives.

Midland is reorganising to give more power to branch managers and make them personally responsible for the performance of their branches. "There is no doubt that we put too much pressure on the managers to make loans," says a senior banker.

Mr Pearce is reorganising to give more power to branch managers and make them personally responsible for the performance of their branches. "There is no doubt that we put too much pressure on the managers to make loans," says a senior banker.

Mr Pearce is reorganising to give more power to branch managers and make them personally responsible for the performance of their branches. "There is no doubt that we put too much pressure on the managers to make loans," says a senior banker.

Mr Pearce is reorganising to give more power to branch managers and make them personally responsible for the performance of their branches. "There is no doubt that we put too much pressure on the managers to make loans," says a senior banker.



"It's the bill he ran up saying a heartfelt goodbye to his chatline friends"

with former Chancellor Willy Brandt, the inventor of Ostpolitik.

But the unlikely recipient of three whole days of Gorbachev's time is Theo Waigel, the finance minister. As leader of the Christian Social Union in Bavaria - by far the most conservative and formerly anti-Soviet part of the ruling coalition - he will have a chance to inflict on Gorbachev the strangest Bavarian practices at his Munich home.

That means attending the "Fischessen" - a sort of fish stew bash with beer - with several hundred CSU luminaries on Friday night, in the cavernous and hideous Hofbrauhaus, a must for any visiting tourist.

Over-connected

Britain's big insurance companies are enthusiastic supporters of non-executive directors playing a forceful role in a company's affairs. Indeed, when it comes to recruiting blue-chip names

in a much more precise way.

But banks' fundamental flaw may be that they have become too diversified and too big. One senior banker recalls that "a Department of Trade and Industry inspector who was investigating NatWest's role in the Blue Arrow share issue told me he thought the problem was that NatWest had become unmanageable".

Support for this thesis is provided by the superior performance of Lloyds, which has resisted the temptation to diversify into securities trading and has concentrated its resources on a limited number of markets. It has specialised in serving personal customers and medium-sized corporate customers, reducing its involvement in the more glamorous but less profitable business of lending to big companies in the UK and around the world. Although half the size of NatWest and Barclays, it is now more profitable.

But Mr Pearce points out that diversifications of some bank operations are generally regarded as impossible. Even if, for example, a bank calculated that providing loans and banking services to companies produced far too low a return for the capital employed, it might be impracticable to withdraw from this business.

The reason is that the huge fixed costs of a bank's money transmission network are supported by all banking revenues, earned from companies and individuals. Without the revenues from companies, money transmission costs would be carried by the retail banking business alone - and would probably make this business unprofitable.

Mr Pearce muses about a possible solution. Banks could merge their money transmission capabilities, so achieving economies of scale and increasing productivity. It might be sensible to demerge this activity into a separate company.

Banks would then be free to concentrate on the businesses of manufacturing financial products and selling them. The new transmission company would charge the banks a combination of rent and usage fee. The thought of having a cheque account at a bank with no direct involvement in processing and transporting cheques may seem strange. It would, however, be no more peculiar than buying electricity from a company which plays no direct part in operating the national grid - and that is already a reality.

Mr Pearce muses about a possible solution. Banks could merge their money transmission capabilities, so achieving economies of scale and increasing productivity. It might be sensible to demerge this activity into a separate company.

Banks would then be free to concentrate on the businesses of manufacturing financial products and selling them. The new transmission company would charge the banks a combination of rent and usage fee. The thought of having a cheque account at a bank with no direct involvement in processing and transporting cheques may seem strange. It would, however, be no more peculiar than buying electricity from a company which plays no direct part in operating the national grid - and that is already a reality.

themselves, they vie with the big banks for the most sparkling connections.

Yesterday it was General Accident's turn to add a couple more trophy names to its list. Sir Peter Middleton, the former permanent secretary at the Treasury now carving out a second career at Barclays, is joined by Louise Botting, the ex-president of Radio 4's Money Box programme. They enter a boardroom which includes the Earl of Arle (Lord Chamberlain of the Queen's Household), the Earl of Mansfield (first Crown Estates Commissioner), Lord MacFarlane (one of Scotland's best-connected businessmen), Sir Nicholas Goodison (chairman of the TSB), Sir Anthony Cleaver (chairman of IBM UK) and Sir David Nickson (a former CBI president), to name but a few.

If non-executive directors are really such a good idea, it is difficult to understand why insurance companies and banks have made so many mistakes and plunged into such terrible losses.

Silk purse

Britain's Conservative party is keen to hold on to its lone parliamentary seat on Tyneside. Since the start of the year, its marginal Tyneside constituency has been a favourite visiting place for heavyweight Tory figures, starting with the prime minister. Now, without warning, the government has done a U-turn and announced that it will after all upgrade the 122 miles of the A1 between Newcastle and Edinburgh into a dual carriageway.

The two Tories who made the joint announcement - transport secretary Malcolm Rifkind and James Douglas-Hamilton, the Scottish defence minister - are both defending marginal seats in Edinburgh. And the local Tyneside Tory MP's name is Neville Trotter. A blatant piece of pre-election pork-barrel politics...

BOOK REVIEW

What a pity
about the city

To judge by the activities of the Paul Hamlyn Fund and the Labour party's arts spokesman, Mr Mark Fisher, the general election turns upon rival policy prescriptions for London.

This is the second London book inside a year to bear the stamp of the fund - a private donation by Mr Hamlyn to the shadow arts ministry for policy research - the red rose and the Labour party. Given that on this occasion Mr Fisher's co-author is Richard Rogers, an architect of genius, the latest offering has a strong claim to attention.

In reality, it is hardly a joint work. Pressures from Rogers' practice - he is best known for the Pompidou Centre in Paris and London's Lloyd's building - frustrated an intended unitary structure. Instead, we have the Fisher building and the Rogers wing.

The Rogers thesis is that Europe is witnessing the rebirth of the city state. Urban planning policies have shifted from population dispersal towards more intense but ecologically sustainable concentrations.

Rogers is the prophet of this new city. He doesn't just like squares, he finds that "scarcely any pleasure compares" with them. The disfiguring of Piccadilly Circus and Trafalgar Square into "just two more jammed roundabouts" causes him pain. For Rogers, the motor vehicle is driving us all towards a "traffic-dominated, segregated, non-place, unjust city".

Leaping in one undebated bound from effect to cause, he notes that London, having once enjoyed "the first modern, democratic metropolitan government in Europe" (the London County Council), is now Europe's only capital without an elected overall government. London, he says, "needs a co-ordinated, interventionist policy".

The favoured overseas model is Paris. Not only does Paris have overarching government, it has architectural grand projects by the dozen, and public architectural competitions as a matter of course. In Mr Fisher's glass pyramid outside the Louvre is hailed as a masterpiece of self-confidence and internationalism.

Alongside Rogers' bold strokes, Fisher's manifesto prose flags. He develops the case for making the revitalisation of the Thames London's grand project for the 1990s, an idea with which no Londoner could disagree. The fact that the river remains so inaccessible to pedestrians at so many points in its swagging course, not least through the City, is indeed a serious planning failure.

Fisher also attacks the cash-poor London Council, whose ill-designed transport system is another primer in how-not-to-do-it. After visiting some of London's more desperate council

A NEW LONDON
By Richard Rogers and Mark Fisher
Penguin £8.99

estates, he praises re-furbishment based upon close community consultation.

The argument that binds, or should bind, the two parts of the book together is the critique of the capital's planning processes. Here, however, the reader will be disappointed.

It is not at all clear what is proposed. Rogers speaks of transferring powers from the London boroughs to "a number of boards" made up of councillors, specialists and "lay citizens", a category in which he includes, bizarrely, architectural journalists. There's a whiff of the professional's secret garden in his arguments about aesthetics.

Fisher trots out the party line - a lightweight city-wide authority in charge of strategic planning, public transport and promotion. As with Labour's other constitutional reforms, the devil is in the detail of precise powers, boundaries and ripple effects: such detail is evaded.

Not that any Londoner, indeed any citizen in a democracy, would deny the desirability of "strong political leadership" such as the authors admire in the reconstruction of Barcelona. But how to get it? London has had, in many of its boroughs, decades of single-party government: is that strong? When it had a Greater London Council, that body did go in and out with the political tide, but was that strong?

Fisher notes that the period 1965 to 1986 was the only time in London's history when the capital had a strategic, metropolitan planning body. This was hardly London's golden age of planning and transport policy. Indeed, it was the period when the de-industrialisation of the Thames made that particular grand project doable, but left it undone.

Londoners, however, will mostly rejoice at the spirit of this book. Of course we should have competitive airports, a voice for London and a government which sets an architectural example in its own building projects, making more use of architectural competitions along the way. Personally, I'll also sign the petition for Rogers' "linear park" from Westminster to Blackfriars, not to mention the wonderful idea of excluding traffic from the north side of Trafalgar Square and so creating a great, pedestrianised apron between the National Gallery and the square.

We need, however, to remember that London's political realities are more complex than this. History shows that debilitation or paralysis will ensue.

Ian Hargreaves

Bass's not so
happy hour

Stiff upper lips at Bass, owners of the world's largest hotel chain, its Holiday Inn franchise in Sarajevo, which operates the city's premier hotel, is having staff problems. Service has not been the same since the 310-room hotel apparently fell into the hands of the Serbs.

Only this week a colleague was having a quiet drink when guests in the lobby came under fire from the direction of the management office on the first floor balcony. After emptying a few rounds, the Serb vigilantes then took their place in the hotel restaurant, one of the few remaining open in a city held under siege by their comrades.

To add insult to injury, the gun-toting Serbs were served by smiling waiters while guests were told a hot meal would require at least a three-hour wait and there was no question of a reduction on the bill.

Bass plays down the incident. First it said that it had been in contact with the hotel and it was so quiet that the general manager had gone home.

But hadn't there been any complaints about shooting? After another call to the battlefront, Bass confirmed that a group of Serbs had tried to take over the hotel on Monday but had been repulsed by Holiday Inn's loyal security staff. "It's absolutely back to normal now," insists Ben Eshenbury, Bass's director of corporate affairs.

Here's to you

The tone of the debate on the future of British television between John Cleese, the comic actor and maker of classic management training films, and Gerry Robinson, the new chief executive of Granada, has risen a notch or two.

OBSERVER

When Cleese heard that Robinson had fired David Plowright, chairman of Granada Television, he fired off a very rude fax. Robinson penned a polite reply. Now Cleese has counter-attacked again "in a slightly less abusive way".

"You win your franchise as a result of the quality threshold against rivals who bid four times as much. With the franchise nice and safe, you get rid of the man whose reputation for quality was largely responsible for your winning the franchise in the first place," says Cleese.

Then he goes and ruins his case by wishing Robinson "fairly good wishes pending further developments".

German tourist

Germany's Bertelsmann may be only the second largest international publishing empire (after Time-Warner), but these days its sounds like the cat that swallowed the canary.

It is feeling very self-satisfied about landing Mikhail Gorbachev for his first international publishing empire (after Time-Warner), but these days its sounds like the cat that swallowed the canary.

The former Soviet superstar will be spending an entire week in Germany. For, as well as causing up on a bit of sightseeing with Raisa, he is there to plug his new book, The Integration of the Soviet Union: My Viewpoint. Bertelsmann brings the tome out, in German, in April.

With a title like that, and the former Soviet leader's leaden prose style, it will need all the plugging it can get. The itinerary includes dinner with Chancellor Kohl (they are on familiar "du" terms), breakfast with President Richard von Weizsäcker, and lunch

AUSTIN REED



Classic English tailored, pure wool suit £295 from a collection of suits, jackets and trousers by Austin Reed International

AUSTIN REED
Regent Street, London and Nationwide

For details of your nearest branch and to receive a copy of our Spring/Summer brochure telephone 071-494 0428

LETTERS

The real losers from fraudulent theft claims

From Mr Mark Weigler.

Sir, Your article discussing measures being taken by insurers as a result of increased theft and alleged arson claims ("Sharp rise in theft insurance payouts", March 2) fails to take into account the problems which innocent claimants are experiencing because of this tougher line.

The Association of British Insurers states that fire damage payouts last year were £1.02bn. Although half of this figure is attributed to arson, the amount believed to result from policyholders setting fire to their own property is £100m - 10 per cent.

Nevertheless, our own experience shows that the proportion of claims which are investigated for fraud is much higher. The result is that many innocent policyholders face difficulties in negotiating their claims, with settlement sometimes delayed to the point where the business's ability to maintain and resume trading is seriously impeded.

No-one expects insurers to pay fraudulent claims. But non-fraudulent claimants - the majority - have the right to expect value for the premiums they have spent on protecting their business. It used to be the case that you were presumed innocent until proved guilty. Some insurers now appear to be presuming guilt and wheeling in forensic accountants and scientists to try to prove their case. Often the only way the innocent claimant can win is by appointing his own professional loss assessor to look after his interests.

Mark Weigler, senior marketing consultant, Balcombe, Balcombe House, London E2

IMF still has critical role to play in structural adjustment programmes

From Mr Lawrence Cockcroft.

Sir, Michael Prowse's article on the current and future role of the International Monetary Fund ("Capitalist tool in need of sharpening", February 26), cannot pass without challenge. Mr Prowse argues that the fund's future role in designing structural adjustment programmes could well be taken over by private sector consulting firms such as Sachs & Associates or the Emerging Markets Corporation. Programmes designed by such consulting companies - if given an imprimatur by an impartial body - could "unlock a flood of private sector capital". This would free the fund to concentrate on its true function of "running the world monetary system" - and financing short term balance of trade deficits.

This suggestion is singularly misconceived in relation to

most of the world's poorest economies and particularly those in Africa and the smaller low-income countries of Asia and Latin America.

Economies in this category (that is, the majority) which have adopted IMF-sponsored adjustment programmes are not experiencing a significant increase in private-sector lending or investment even following a direct injection of IMF funds - generally a means to leverage donors' funds and not market funds.

In Africa as a whole, according to figures from the Organisation for Economic Co-operation and Development, total net private sector flows in 1990 (direct investment plus market lending) totalled \$2.6bn out of total flows of \$32bn; in the smaller countries of low income Asia it totalled \$1.4bn out of total flows of \$15bn.

No consultancy company will succeed in persuading multinational companies - the main source of foreign direct investment - to invest or lend to those of the IMF (say \$100m in one commitment) in or to countries such as Tanzania, or even Zimbabwe.

The facts are that the costs of adjustment are high, the outcomes uncertain, and the international economic climate hostile. The Bretton Woods institutions have a continuing critical role to play - and the fact that they are fallible, poorly co-ordinated and should probably be merged does not suggest that international private capital can conceivably replace their function in low-income countries.

Lawrence Cockcroft, 101 Riversdale Road, London N5

Pollution and buses in Santiago

From Mr Peter R White.

Sir, Leslie Crawford's report from Santiago ("Putting the brakes on the bus cartel", February 26) usefully highlights some of the problems caused by bus deregulation in the Chilean capital, and recent government action to counter-act them.

However, although dealing with pollution from the buses may have provided a useful rationale for reducing the total number of buses by withdrawing the oldest vehicles, it would be wrong to regard buses as the main source of transport pollution.

The recent comprehensive transport study of the city published by the Commission on Urban Transport, shows that only in respect of particulate emissions (from diesel engines)

were buses and lorries the main source. For other transport pollutants, the car was the main source, generating two thirds of the nitrous oxides, and 90 per cent of the carbon monoxide.

As in Britain, it is private transport (rather than public transport, whether efficiently or badly run) that must be tackled.

Peter R White, senior lecturer in public transport, Transport Studies Group, 35 Marylebone Road, London NW1 3LS

Out for blood

From Mr H L Benjamin.

Sir, I wonder if the MPs of both main parties currently baying for the blood of Lloyd's "insiders" (that is, members) for the losses of many "outsiders" (that is, members) have been reported by insurance companies, with the shares of Royal, for instance, falling from 400p to around 180p in the last year or so and passing its dividend?

Would it not be consistent to set the lynch mob on the company "insiders" (ie management) for the losses of "outsider" shareholders?

Or would that be seen to be so idiotic as to be without political capital?

H L Benjamin, 22 Shrewsbury House, Champs Walk, London SW1

Paper and Brazil's rainforest

From Mr Roderick Bromley.

Sir, Kathy Bradley of the Pulp and Paper Information Centre (Letters, February 26) rightly points out the misconception that paper is made from Brazilian hardwood.

What she omits to mention, and this is a fact to which other voyagers to Brazil might

attest, is the extent to which the rainforest has been subjugated by the implantation of eucalyptus, from which the paper pulp does come.

Roderick Bromley, Coltsall House, Coltsall Road, Coltsall, Norfolk

Next stop, Spaghetti Junction

From Mr Michael Lake.

Sir, Do not knock the railway sandwich even on the authority of Trollope ("The Golden Age of rail that never was", February 29/March 1).

In my youth in New Zealand, the most important feature of the 15-hour limited night express between Auckland and

Wellington was the cold, tinned spaghetti sandwich available (only) at Frankton Junction around 10pm and Taumarunui around 1am.

Scrumptious! Michael Lake, Kuleiti Sokak 15, Gazl Osman Pasaz, Ankara, Turkey

Europe's security surplus

Instead of setting up rival structures, Nato should become the "secular arm" of CSCE



FOREIGN AFFAIRS

The challenges we face in this new Europe cannot be comprehensively addressed by one institution alone, but only in a framework of interlocking institutions tying together the countries of Europe and North America.

Thus spake the heads of state and government of Nato at their meeting in Rome last November. And of course they were right. The new order in Europe was never expected to be orderly, and the "new security architecture", lacking a single architect, was bound to be a makeshift affair.

The phrase "interlocking institutions" has caught on, but "institutional overcrowding" might be a more apt description of what is happening. Broadly speaking, all the institutions are trying to move in the same direction - that is, they aspire to absorb and integrate the ravaged economies and warring nationalities of central and eastern Europe into the relatively prosperous and peace-loving North Atlantic world. Their plurality could even be seen as a fine example of the pluralism they all preach. Even if they all map out different routes to the common destination, that could be a good thing - so long as their "interlocking" does not take the form of gridlock.

Things are not that bad yet, but the routes are beginning to criss-cross in a rather alarming way. Or, to change the metaphor, the alphabet soup is getting a little too thick to be digestible and Nato is guilty of thickening it gratuitously. That is ironic, because Nato's strongest argument throughout this bewildering process has been that we should hold on to and make use of existing institutions, rather than invent airy-fairy new ones which would only spawn new bureaucracies. Yet Nato itself has spawned an unnecessary and possibly mischievous institution: the North Atlantic Co-operation Council (NACC).

You can tell there is something wrong with this animal by the very fact that it has to be pronounced NACK-ee, to distinguish it from NAC, the North Atlantic Council, which

is Nato's governing body. (One of the most common symptoms of institutional overcrowding is what we doctors call "acronymic overload".) But a more serious objection is that it duplicates the membership of the Conference on Security and Co-operation in Europe (CSCE), while taking over what should be that body's functions. NACC was formed at the end of last year as a forum for co-operation between Nato and its erstwhile adversaries, the former members of the Warsaw Pact. In large part it is intended to concentrate them for Nato's unwillingness to admit them as members or give them security guarantees. It thus comes into the category of confidence and security building measures, which has always been the concern of

anyway, from central and eastern Europe.

If central and east European countries are disillusioned with CSCE it is because Nato countries have been very cautious about investing it with any real security functions, or with the staff and resources to carry them out. CSCE could have been given a boost, had it been made the forum for the kinds of security co-operation now to be carried on in NACC.

The parallelism between the two bodies has been underlined by the way they have both reacted to the break-up of the Soviet Union. Both have been ready, without any real debate, to welcome all the ex-Soviet republics including those of central Asia which, by definition, are outside Europe and, for that matter, a very

Institutions once created are hard to get rid of. NACC is probably with us now until such time as all its members are admitted to Nato proper

CSCE. Its most useful role at present is to discuss the implementation by the republics of the former Soviet Union of arms control agreements signed by Moscow - especially the treaty on conventional forces in Europe. But that treaty, although negotiated between the members of the two alliances, was formally part of the CSCE process, and its adjustment to the new realities could have been done within a CSCE framework.

It is true that the new democracies, which were very keen on CSCE two years ago when it seemed to offer the best hope of escaping from the old blocs and forging new ties with the west, have lately shown more interest in Nato, as being something firmer and more tangible. But what is firm and tangible about Nato is its character as a mutual defence pact and military alliance, with integrated force structures and a firm commitment of "all for one and one for all". And it is precisely those aspects of Nato that are being withheld, for the time being

long way from the North Atlantic.

This makes it all the more obvious that the main difference between the two organisations is that NACC, while including all Nato's former adversaries, excludes Europe's "neutral and non-aligned" states. It is as though Nato believed that Moldova and Tajikistan, which are members of NACC had somehow become more deserving, more reliable, or more important to north Atlantic security than Ireland, Sweden, Finland, Austria and Switzerland: a manifestly absurd proposition.

Institutions once created are hard to get rid of. NACC is probably with us now until such time as all its members are admitted to Nato proper. But people do seem to be realising already that Nato's true vocation in the post cold war world is to become the military muscle of CSCE.

Nato's secretary-general, Mr Manfred Wörner, suggested recently that the alliance could make its military expertise, and even troops, available for

missions ordered by CSCE. Within the last ten days that idea has been taken up by such diverse authorities as the German Social Democrats, the Dutch foreign minister and, most interestingly, the chief US delegate to the CSCE review conference, to be held in Helsinki later this month.

CSCE has no troops of its own, but it is developing a political and diplomatic role, in response to an evident demand. Two weeks ago it sent a mission to Armenia and Azerbaijan, led by the charismatic Count Karl Schwarzenberg, who is chief of staff to President Vaclav Havel of Czechoslovakia. (He apparently worked wonders in persuading nervous Russian helicopter pilots to fly the mission into Nagorno-Karabakh in the midst of the fighting.)

Last Friday, after hearing the mission's report, the CSCE, meeting in Prague at the level of senior civil servants, put forward a plan for a ceasefire, humanitarian aid, removal of the Russo-Kazakh mediation effort and the deployment of ceasefire observers drawn from CSCE countries. If the warring communities can agree to accept this.

Such observers would need military experience, and Nato would be well placed to supply them. It could also supply a peacekeeping force if that proves to be necessary - the UN's capacities in this department being already stretched to breaking point. It is ironic to think that a Nato force would now almost certainly be more acceptable politically than a Russian one, on what was a few months ago Soviet territory, and that the Russians themselves would be delighted to see it go there.

Of course, even if Nato supplies the expertise and logistics, there is no need for a CSCE peacekeeping force to be drawn exclusively from Nato members. If Germany, for instance, had constitutional inhibitions about sending its own troops, perhaps it could pay "scoutage" in lieu and the money could be used to finance, say, a Polish or even a Serb or Croat contingent. Experience of other people's wars might help the armed forces of some east European countries to see their own problems in better perspective; and they could certainly do with the hard currency.

International Unit Trust Manager of the Year.. Again.



1991	THE SUNDAY TIMES International Unit Trust Manager of the year.	1st
1990	THE SUNDAY TIMES International Unit Trust Manager of the year.	3rd
1989	THE SUNDAY TIMES International Unit Trust Manager of the year.	1st

Perpetual - an international investment record of consistent success.

• In 1991, twelve out of twelve Perpetual unit trusts were above average - of which six were in the top quartile.

To 10th February 1992, eleven of these funds have achieved a top quartile ranking for their performance since launch.*

• In 1990, nine out of eleven Perpetual unit trusts were above average - of which six were top quartile performers.*

• In 1989, all ten of Perpetual's unit trusts out-performed their sector average - of which six were again in the top quartile.*

*Source: Mitrail, on an offer to offer, net reinvested income basis.

Perpetual uses its international expertise for a variety of investments, including unit trusts, pension funds, private client and institutional investments and Personal Equity Plans.

Perpetual. Success that's truly international.

If you would like to know more about our winning investment performance ring Roger Cornick, Deputy Chairman on (0491) 576868 or write to Perpetual plc, 48 Hart Street, Hensley on Thames, Oxon RG9 2AZ.

Past Performance is not a guarantee of future performance.

Perpetual
Perpetual Portfolio Management Limited

Yegor Gaidar is deputy prime minister of Russia

PERSONAL VIEW

If the west wants to help Russia, now is the time

By Yegor Gaidar



Officials from the International Monetary Fund last week endorsed Russia's economic programme. "At the same time, Russia announced further steps to reinforce its moves to monetary and fiscal discipline and to a market economy."

The west is currently considering the question of foreign financial assistance to support our reforms. I should like to explain why speedy assistance is so important a reinforcement for our efforts.

Our basic task is this. We must conquer a powerful inflation bequeathed by the old system, while at the same time rapidly introducing market forces and private ownership. We inherited a budget deficit of more than 20 per cent of gross domestic product, a mountain of roubles built up by years of monetary and fiscal laxness, and a crippling system of price controls. The result was a destructive combination of empty shops and explosive inflation.

We took necessary and dramatic steps, in line with the serious situation. We freed most but not all prices in early January. Prices rose immediately by about 250 per cent, but since then they have risen little, and in some cases have declined. We tightened up monetary policy, and decisively cut the budget deficit, so that the flood of roubles has been brought to a trickle. The true market value of the rouble has started to strengthen as a result.

However, the next phase of our reform will be at least as difficult as the first. To consol-

date our budget gains, we will by the end of April free nearly all prices, including energy prices. Only rents, public transport, and some prices of utilities will remain controlled. Energy prices will move to world levels progressively over a couple of years, with an export tax accounting for the price difference. We expect energy prices to rise by a multiple of six in April.

The resulting price rise will be a severe but unavoidable blow to our population. They cannot be fully protected against it without instituting an endless wage-price spiral. To prevent such a spiral from developing, it is important to "anchor" the price level by pursuing tight monetary and fiscal policies, and by stabilising the value of the rouble against international currencies.

In spite of the critical need to stabilise expectations, the future of our exchange rate is uncertain. Without foreign financial help, we cannot possibly attempt to peg the rouble, and certainly not at a socially and economically tolerable rate.

At the current rate of about 80 roubles to the US dollar, average monthly wages in industry still amount to no more than \$20. This disastrously low dollar wage reflects the utter scarcity of foreign exchange in our economy, the result of the anti-export bias of the old system, collapsing oil export earnings, and the severe debt crisis that we inherited. Already in 1991, our imports fell by about 45 per cent compared with the 1990 level, leaving the economy with an acute scarcity of foreign exchange.

This shortage is contributing to the deepening industrial cri-

sis. Across Russia, factories have run down the imported raw materials and spare parts needed to maintain output. Even though these factories can now buy foreign exchange in the free market for imports, with the weak rouble they are squeezed between the high cost of dollars and the low purchasing power of their domestic customers.

Within a few years, our own exports will rise strongly as a result of the new market forces in the economy and the recovery of our oil industry; by then the foreign exchange shortage will then have been eased by our own efforts. However, in the coming year, we will have to rely heavily on foreign finance.

We want to stabilise the rouble at a realistic rate, stronger than 50 roubles per dollar, and consistent with average monthly industrial wages of about \$100 later this year. For this we will need foreign exchange reserves to help defend the currency, and a flow of balance of payments support to help us finance critically needed imports.

To build up the reserves needed to defend the exchange rate, we have asked the Group of Seven leading industrial countries to provide us with a stabilisation fund similar to that provided for Poland. After allowing for the size of our country, this would amount to some \$5bn.

Ideally, of course, we would not have to draw on the fund, any more than Poland did. But the existence of the fund would be a clear warning to speculators that they could lose money by selling roubles.

It is very important to us to have this fund in place within weeks rather than months.

Since the impending price rises are bound to have a destabilising effect, it is vital to show our people that the increases are a once-for-all adjustment to complete our stabilisation, and not just another wave in a sea of inflation.

In addition to the stabilisation fund, we have requested several kinds of help to increase the flow of imports into the economy. We need about \$5bn in humanitarian assistance, food and medicine. In 1992, to make up for the terrible harvest shortfalls and the critical lack of pharmaceuticals.

We need another \$5bn or so in non-food imports, to keep production going in factories dependent on imported inputs, and to prevent the foreign-exchange crisis from driving living standards to intolerably low levels. We also need further relief on debt service (principal and interest) this year. We stand by our debts, and will be able to service them in full, but only if our reforms are given the chance to take hold.

Our programme is comprehensive, practical and tough. But it must bring results as soon as possible. This means that it must choke off inflation while sustaining a reasonable standard of living. We can then succeed with the critical tasks of privatisation and structural change, which are already in motion.

Russia's economic policies for stabilisation and market reform are rapidly coming into place. If the west wants to help us, now is the time.

INTERNATIONAL COMPANIES AND FINANCE

General Accident deeper in red but holds payout

By Richard Lapper in London

RECESSION and crime-related losses pushed General Accident, the Perth-based composite (general and life) insurer, deeper into loss last year.

The company, the third big UK insurer to report a deficit for 1991, posted pre-tax losses of £171.6m (£300.3m), an increase of more than 40 per cent on the £121.3m loss registered in 1990.

The deficit emerged as GA decided to forfeit market share rather than keep rates low. UK premium income fell marginally to £1,172m from £1,175.9m for the previous year.

However, GA displayed confidence about the prospects of recovery this year by maintaining its dividend at 36.75p. Worldwide underwriting

losses of £569.1m, compared with losses of £461.7m for the previous year, were offset by higher investment income of £448.8m, against £429.5m in 1990, and higher life profits of £27m, against £25.2m.

Estate agency losses were £17.3m compared with £23.3m the previous year. Losses at NZI Bank amounted to £9.5m, compared with £6.3m. Interest on loans totalled £59.7m compared with £85.1m.

As with its competitors, GA suffered increased UK underwriting losses of £341.9m, against £230.9m for 1990.

Although GA has only a 4 per cent share of the mortgage indemnity market (insuring mortgage lenders for losses on sales of repossessed proper-

ties), losses related to such activities amounted to £45m.

Arson and theft claims were also higher, contributing to a rise in commercial property losses to £75.6m, compared with £65.7m in 1990.

Reserves for liability claims in the UK were strengthened by about £30m.

Reflecting on the increased loss of £113.5m on private and fleet motor business, Mr Bob Scott, general manager (UK), said: "The turnaround has been much slower than anticipated."

GA said it had plans to increase the scope of its GA 121 operation which sells insurance via a combination of mass marketing and telephone sales. *Lex, Page 12*

Ferruzzi unit bids for Heracles Cement

By Kerin Hope in Athens

CALCESTRUZZI of Italy, part of the Ferruzzi group, has made the only firm bid for Heracles Cement, Europe's largest cement exporter, which is the main attraction in Greece's privatisation programme.

The Italian group, bidding in partnership with the state-owned National Bank of Greece, has offered Dr107bn (€175m) for a 69 per cent stake in Heracles held by the Industrial Reconstruction Organisation (IRO), the state holding group for companies being denationalised.

If the bid is accepted, a new company, Calnat, will be set up to manage Heracles, in which Calcestruzzi will have a controlling interest, according to IRO officials.

The other short-listed bidder, Italcementi, one of the largest Italian cement producers, failed to submit a binding offer by the February 21 deadline.

However, Italcementi later offered to pay a higher price, reportedly around Dr120bn, on condition that National Bank gives up its alliance with Calcestruzzi.

Co-operation with National Bank is considered essential because of a claim by Heracles' former managers that the nationalisation procedure which was followed in 1982, involving a compulsory capitalisation of 27bn in debt, violated European Community directives on company law.

The European Court is in agreement with the claim, but the case is likely to drag on for several years.

If the nationalisation is eventually reversed, IRO will lose its equity holdings in Heracles and National Bank will become its largest shareholder.

Heracles, which is listed on the Athens Stock Exchange, is one of the few profitable companies in the Greek privatisation programme.

Earnings for 1991 are expected to total Dr6.1bn on turnover of more than Dr60bn.

Abbey National gains 6% despite big loan provisions

By David Barclay in London

A STRONG performance by its treasury operation enabled Abbey National, the UK retail banking group, to report a 6 per cent rise in pre-tax profits last year, in spite of a heavy increase in its provisions against loan losses.

Abbey National, the UK's second largest mortgage lender with 13.5 per cent of the market, made pre-tax profits of £618m (£1bn) during 1991, up from £582m in 1990.

This made it the second most profitable UK banking group last year after Lloyds Bank. As a result, Abbey National increased its dividend by 10.5 per cent to 10.5p, up from 9.5p last year, the largest increase in the UK banking sector.

Mr Peter Birch, chief executive, said: "Abbey National's business is in good shape."

Mr Birch said that the bank is well positioned to continue its progress, having moved into life assurance during 1991 with the purchase of Scottish Mutual.

Group assets rose by 23 per cent, from £45.4bn in 1990 to £55.7bn. However, more than half of this balance sheet growth came from Abbey National's treasury operations, which contributed £22m to the overall pre-tax profits, up from £2m in 1990.

The performance of Abbey National's retail banking operations was less impressive. The bank's core mortgage lend-

ing operations shrank during the year as the market declined, with its total net UK lending down by 30 per cent, from £3.7bn in 1990 to £2.6bn last year.

Loan loss provisions almost trebled, rising from £55m in 1990 to £155m.

Mr Birch said that although repossessions were still at a high level, Abbey National had fared better than the mortgage lending industry as a whole and he believed that the bank had weathered the storm.

On the London market, Abbey National's shares fell by 11p to close at 282p after heavy trading. *Lex, Page 13*

Background, Page 20

New bid to float stake in Elf Aquitaine

By Alice Rawsthorn in Paris

THE French government is making a second attempt at floating a 2.3 per cent stake in Elf Aquitaine, France's largest state-owned company, with the flotation scheduled for March 13.

Elf, which has extensive interests in oil and chemicals, was originally intended to float the stake, worth roughly FF2bn (£356m), in December. However, Mr Pierre Bérégovoy, the French finance minister, decided to postpone the issue on the day of the proposed sale because of the depressed state of the Paris stock market.

The Paris market has rallied in recent weeks. The CAC 40 Index went through the critical level of 1,900 in the third week of February and has since strengthened, it closed at 1,964 yesterday, up 0.2 per cent on the day. Elf's own shares closed at FF385, significantly higher than their price of FF350.4 on the day that Mr Bérégovoy postponed the initial share sale.

Yesterday, the French government said the stock market was sufficiently buoyant for it to press ahead with the Elf sale. Mr Bérégovoy is expected to announce the price of the shares on March 13. After the sale, the government's stake in Elf will be reduced from 53.8 to 51.5 per cent.

The Elf sale is politically significant in that it is intended to be the first of a series of partial privatisations - sales of minority holdings in state-owned companies - proposed by France's socialist government. The government has already said it will also sell off stakes in a number of other companies including the state-controlled insurance groups and several industrial concerns.

The postponement of the Elf sale was seen as a blow to the government's hopes of orchestrating a successful partial privatisation programme. The response to the issue and the subsequent progress of Elf's share price will be closely scrutinised as pointers to the prospects for the whole programme.

Alusuisse to cut its dividend

By Ian Rodger in Zurich

ALUSUISSE, the Swiss aluminium, specialty chemical and packaging group, reports a steep fall in profits for last year and says its plans to cut its dividend.

Net profits tumbled 69 per cent to SF101m (£67.7m). According to Alusuisse the main problem has been the collapse of aluminium prices.

The directors expect some improvement in results this year as the group continues to diversify away from its commodity-based activities. But they have nevertheless recommended cutting the dividend

from 14 per cent to 10 per cent. Sales were flat at SF76.3bn, with aluminium sales amounting to just over half the total, chemicals 30 per cent and packaging 17 per cent. The group revealed a breakdown of its operating profits for the first time, with aluminium contributing SF106m, chemicals SF131m and packaging SF183m.

Mr Theodor Tschopp, chief executive, said the group had curtailed its aluminium capacity by 30 per cent in response to the slump in metal prices and might have to cut it further if prices did not recover soon.

The directors also proposed a capital restructuring, consisting of converting the SF250 bearer shares into one SF125 bearer share and one SF125 registered share. Participating certificates are also to be converted at the rate of 10 PCs for one SF250 bearer share.

As part of the changes, the limit on ownership of registered shares in Alusuisse is to rise from 3 per cent to 5 per cent. The company plans a issue of bonus options to raise SF17.5m.

ther if prices did not recover soon.

The directors also proposed a capital restructuring, consisting of converting the SF250 bearer shares into one SF125 bearer share and one SF125 registered share. Participating certificates are also to be converted at the rate of 10 PCs for one SF250 bearer share.

As part of the changes, the limit on ownership of registered shares in Alusuisse is to rise from 3 per cent to 5 per cent. The company plans a issue of bonus options to raise SF17.5m.

ther if prices did not recover soon.

Royal Bank of Canada up 10%

By Bernard Simon in Toronto

ROYAL BANK of Canada, the country's biggest financial institution, has demonstrated the resilience of Canada's banking industry with a 10 per cent rise in first-quarter income.

Despite a one-third jump in loan loss provisions, RBC lifted net earnings to C\$256m (US\$215m), or 73 cents a share, in the three months to January 31, from C\$232m, or 70 cents, a year earlier.

Return on equity fell to 14.5

per cent from 15.3 per cent, due to a larger common equity base and extra dividends on two preferred share issues last year.

Return on assets, which averaged C\$134.8bn in the last period, improved to 0.76 per cent from 0.71 per cent.

The rise in profits stems mainly from the bank's international operations and record earnings at RBC Dominion Securities, its 74 per cent-owned securities subsidiary.

International income jumped to C\$97m from C\$73m, with return on assets surging to 1.4 per cent from 1.03 per cent.

A bank official yesterday attributed the strong performance to higher loan fee and other fee income, wider interest margins, higher Third World interest payments, and the high quality of the bank's international assets.

The US accounts for about 35 per cent of the bank's non-Canadian assets of C\$37.6bn.

International income jumped to C\$97m from C\$73m, with return on assets surging to 1.4 per cent from 1.03 per cent.

A bank official yesterday attributed the strong performance to higher loan fee and other fee income, wider interest margins, higher Third World interest payments, and the high quality of the bank's international assets.

The US accounts for about 35 per cent of the bank's non-Canadian assets of C\$37.6bn.

Bertelsmann in New York deal

By Alan Friedman in New York

BERTELSMANN, the German-based media and entertainment group, is spending \$118m to purchase a 44-story office block in the heart of New York's Times Square district.

The deal, one of the biggest Manhattan property transactions in recent years, was agreed with a group of lenders including Citibank, the US bank that led the consortium of 17 financial institutions which loaned \$250m to complete the building in 1990.

The approval of the banks was needed because the actual owner of the 888,000 sq ft building is Broadway State Partners, a consortium of US and Japanese investors that has filed for protection from creditors under Chapter 11 of US bankruptcy law.

Mayor David Dinkins yesterday welcomed the purchase

and Bertelsmann's decision to make the building the new headquarters of its US operations, including the Bantam Doubleday Dell publishing group and the Bertelsmann Music Group (BMG).

The purchase - for less than 50 per cent of the investment made just two years ago - underscores the dire state of the New York commercial real estate market.

It is understood that Citibank, which provided nearly 30 per cent of the \$250m initial investment, last year wrote down a significant portion of its loan.

Bertelsmann expects to occupy two-thirds of the skyscraper, with 1,700 employees moving to the new headquarters. Remaining space will be available for sub-lease and internal expansion.

Mr Peter Olson, president of

Bertelsmann Inc, said a benefit package provided by the City of New York was essential in making the transaction. Financial terms of the benefit package were not disclosed.

As part of its agreement with the city government, Bertelsmann will market over 100,000 sq ft of space to international companies not yet present in New York. In leasing the excess space, Bertelsmann has agreed to launch a marketing campaign in the US and Europe that will give priority to the international companies.

Bertelsmann's New York property investment comes when the German media giant is seeking to expand further its business areas. The company, whose BMG division controls RCA Records as well as Arista Records, recently made an offer to acquire Mr Richard Branson's Virgin Music Group.

Voest Alpine buys Manila coal stake

VOEST ALPINE of Austria is to take a 40 per cent stake in the state-owned Semirara Coal of Manila (SCC) under a debt restructuring agreement, AP-DJ reports from Manila.

According to the SCC president, Mr Manuel Domingo, the deal covered debts of Sch1.88bn

(\$163.4m) owed by SCC, of which Sch1.2bn was converted into equity in SCC.

Voest Alpine's equity participation diluted the National Development Company's share in SCC to 56 per cent from 88 per cent and the Development Bank of the Philippines' stake

to 4 per cent from 11 per cent.

Mr Domingo said the restructuring also paves the way for the increase of SCC's capitalisation from 47m pesos to 1.2bn pesos (\$47.6m). SCC is expected to earn a net income of 50m pesos to 100m pesos this year.

NOKIA
(Incorporated with limited liability in the Republic of Finland)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Nokia Corporation (the "Company") of the Annual General Meeting ("AGM") to be held on Thursday, 2nd April, 1992 at 3.00 p.m. at The Helsinki Fair Centre, Congress Wing, Congress Hall C 1, Rautatiekatu 3, Helsinki, Finland.

The following matters will be on the agenda of the meeting:

- The matters specified in Article 12 of the Articles of Association:
 - review of the annual accounts, comprising the Profit and Loss Account, the Balance Sheet, the Annual Report of the Board of Directors and the Consolidated Accounts,
 - review of the Auditors' Report,
 - approval of the Profit and Loss Account, the Balance Sheet, the Group Profit and Loss Account and the Group Balance Sheet,
 - decision on any measures to which the profit or loss shown in the approved Balance Sheet or Group Balance Sheet may give rise,
 - decision on discharging the members of the Board of Directors and the President from liability,
 - decision on the number of members to serve on the Board of Directors and the number of regular auditors,
 - decision on the remuneration to be paid to the members of the Board of Directors and to the auditors,
 - appointment of members of the Board of Directors, and
 - appointment of the auditors and the deputy auditors.
- The proposal by the Board of Directors to transfer the Shares of the Company to the Book Entry System of Securities and to amend the Articles 2.3 and 11 of the Articles of Association in connection herewith.

The accounts for the 1991 financial year and details of the proposal mentioned in paragraph 2 above will be on display from March 26th, 1992 at the Company's Head Office at Eteläkatu 12, Helsinki, Finland, and the offices of Enkiska Securities, Skandinaviska Enskilda Aktiefond Ltd at 26 Finsbury Square, London EC2A 1DS. Copies of the documents in Finnish, Swedish and English will be sent to shareholders upon request to the Registrar. Copies of the accounts will also be available on request from Enkiska Securities. Copies of the full annual report will be available from Enkiska Securities from 26th March, 1992.

Registered shareholders who wish to exercise their voting rights at the AGM must give notice to the Company of their intention to attend not later than 30th March, 1992 at 4.00 p.m. Notice may be given to the Shareholders' Registrar in person at the Office of the Company at Eteläkatu 7 A, Helsinki, Finland, during office hours, or by telephone (358) 0 1807 330, or in writing to the Shareholders' Registrar, Nokia Corporation, P.O. Box 117, SF-00211, Helsinki, Finland. Written notice should arrive no later than 30th March, 1992.

Helsinki, February 1992
Board of Directors of Nokia Corporation

N.V. Koninklijke Nederlandsche Petroleum Maatschappij
(Royal Dutch Petroleum Company)
Established at The Hague, The Netherlands.

Disclosure in accordance with Article 9 of the Netherlands Act concerning Disclosure of Substantial Holdings in Listed Companies

N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company) announces that it has received from Dordtsche Petroleum-Industrie Maatschappij N.V., established at Amsterdam, carrying on business at Kneuterdijk 11, The Hague, a notification as referred to in Article 17 of the Act concerning Disclosure of Substantial Holdings in Listed Companies. This notification contained the following data:

Percentage Capital Interest held by person obliged to notify: 6.24%
Indirect percentage: 0%
Potential percentage: 0%

The Hague, February 28, 1992
N.V. Koninklijke Nederlandsche Petroleum Maatschappij

Note

On February 1, 1992, the Act concerning Disclosure of Substantial Holdings in Listed Companies became law in the Netherlands, implementing a European Communities Directive. For the purposes of the Act, supervision has been delegated to the Securities Board of the Netherlands ("Stichting Toezicht Effectenverkeer": STE).

Under the Act, any person who, by disposing of or acquiring voting rights or securities in a Dutch public limited company whose shares or depositary receipts are officially listed on a stock exchange within the EC, reaches or passes (i.e. falls below or rises above) a 5, 10, 25, 50 or 66 2/3 per cent holding of the capital interest and/or voting rights is obliged to notify the STE and the company concerned forthwith of his percentage capital interest and/or percentage of voting rights.

Any person who, on the date that the Act takes effect (February 1, 1992), holds a capital interest equal to at least 5% of the issued capital of a public limited company as referred to above or can exercise voting rights representing at least 5% of the total number of voting rights on that issued capital is obliged to notify the STE and the company concerned of the percentage in question within 30 days of that date.

Infringement of the aforesaid rules is a punishable offence. In addition, certain civil-law sanctions may be imposed by the courts if these rules are not complied with.

(The above summary of the statutory enactment is not exhaustive. Further information regarding the interpretation and implementation of the Act is available from the "Stichting Toezicht Effectenverkeer", P.O. Box 11723, 1001 GS Amsterdam.)

To the holders of Mortgage Capital Trust I
Collateralized Mortgage Obligations, Series A
Class A-1 Bonds Due 1st June, 2017

Notice is hereby given that the interest rate on the Class A-1 Bonds for the interest period 1st March, 1992 through 1st June, 1992 is 4.85 per annum.

By: Bankers Trust Company, as Trustee.

Notices were sent to Warrant holders on 21st February, 1992. This advertisement therefore appears as a matter of record only.

To the holders of Warrants in
GT CHILE GROWTH FUND LIMITED

SUBSCRIPTION RIGHTS

- On 1st May 1992, Warrants become exercisable to subscribe for the Ordinary Shares of the Company.
- The subscription price is US\$10.00 per Share. At 21st February 1992, the middle market price, according to the Stock Exchange Daily Official List, was US\$16.87.
- Warrant holders must inform the Custodians of their Warrant Certificates as to their intentions and instruct them to send the completed certificates to the Registrar of the Company at the address below by 3rd April 1992 at the latest.
- Subscription monies are due on application and should be paid as follows:
Bank of Bermuda (New York) Limited,
350 Park Avenue, New York, New York 10022, USA.
CHIPS UID 005584
FEDWIRE ABA 0260099 46
F/O The Bank of Bermuda Limited,
Hamilton, HM11, Bermuda A/C # 800008
for further credit to GT Chile Growth Fund
A/C # 1002 13504
Attn: Allen Bernardo
- In the event of the loss of a Warrant, written application should be made as soon as possible to the Registrar of the Company for a letter of indemnity for completion and return by the Warrant holder.
- Ordinary Shares issued on the exercise of subscription rights will be allotted not later than 15th May 1992, effective from 1st May 1992. Warrants for any balance of subscription rights will be despatched by 29th May 1992.
- The Company will apply to The Council of the Stock Exchange for new shares to be admitted to the Stock Exchange Daily Official List not later than 15th May 1992.
- New shares will rank pari passu with existing shares in all respects after 1st May 1992.
- Similar subscription rights will arise normally on the first business day in October 1992.
- The exercise of warrants will constitute an acquisition of securities for the purposes of capital gains tax. Shareholders who are in doubt as to their taxation position should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services Act 1986.

4th March 1992
David T. Smith, Secretary The Bank of Bermuda Limited,
Bank of Bermuda Building, 6 Front Street, Hamilton, HM11, Bermuda.

International Bank for Reconstruction and Development
U.S. \$250,000,000
U.S. Dollar Floating Rate
Notes due February 1994

For the interest period 28th February, 1992 to 29th May, 1992 the Notes will carry an interest rate of 4.35004% per annum with a coupon amount of U.S. \$109.99 per U.S. \$100,000 Note, payable on 29th May, 1992.

Bankers Trust Company, London **Agent Bank**

Interbank Anonim Sirketi
U.S. \$50,000,000
Floating Rate Notes
due 1997

For the six months 3rd March, 1992 to 3rd September, 1992 the Notes will carry an interest rate of 5.75% per annum with a coupon amount of U.S. \$293.69 per U.S. \$100,000 Note and U.S. \$7,547.22 per U.S. \$250,000 Note, payable on 3rd September, 1992.

Bankers Trust Company, London **Agent Bank**

To the holders of Mortgage Capital Trust I
Collateralized Mortgage Obligations, Series A
Class A-1 Bonds Due 1st June, 2017

Notice is hereby given that the interest rate on the Class A-1 Bonds for the interest period 1st March, 1992 through 1st June, 1992 is 4.85 per annum.

By: Bankers Trust Company, as Trustee.

Mistral International Limited
U.S. \$1,100,000,000
Variable rate notes
due 2005

For the interest period 4 March, 1992 to 4 June, 1992 the notes will bear an interest rate of 4.825% per annum. Interest payable on 4 June, 1992 will amount to US\$12,330.56 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

RUSSIA

The FT proposes to publish this survey on May 13 1992. The survey will be included in the FT of that day and will be printed in London, Frankfurt, Rome, New York and Tokyo. It will be distributed in 160 countries world-wide. For further information about advertising in the survey, please contact Patricia Burdette in London.

Tel: 011-473 3426
Fax: 011-473 3079
Nina Golovinskaya in Moscow
Tel: (083) 245 19 57
(083) 251 24 57
Fax: (083) 241 00 77
(083) 241 24 57

FT SURVEYS

INTERNATIONAL COMPANIES AND FINANCE

Varity to axe jobs and sell units

By Bernard Simon in Toronto

VARIETY, maker of Massey-Ferguson farm machinery and Perkins diesel engines, is to cut another 1,300 jobs and sell five subsidiaries as part of a renewed effort to staunch its losses.

Varity said the latest round of layoffs would cut its payroll to 16,800 by the end of the year. This level represents a 20 per cent reduction compared with two years ago, and only about a quarter of the workforce in the company's heyday in the late 1970s when it was known as Massey-Ferguson.

Mr Victor Rice, Varity's chairman, said that the latest measures were a response to "severe and prolonged recessionary conditions" in its leading markets.



Victor Rice staunch losses in its leading markets.

Besides farm and industrial machinery, Varity's interests include Kelsey-Hayes, a Michigan-based manufacturer of anti-lock brakes and other vehicle components. Automotive products now contribute more than 40 per cent of revenues.

Varity, which moved its head office last year from Toronto to Buffalo, New York State, hoped to return to the black in the middle of last year, but suffered a \$2.7m loss for the nine months to October 31. Mr Rice said the company expected no near-term improvement in market conditions. The restructuring will result

in special charges of \$110m, to be included in fourth-quarter results due for release later this month. About \$70m of the total will reflect the writedown of five non-core businesses which are being put up for sale.

The company declined yesterday to identify the subsidiaries. Possible candidates include Pacoma, a German maker of cylinders, valves and other hydraulic equipment. Pacoma suffered a \$12m operating loss in the nine months to October 31.

Varity's share price was unchanged yesterday on the Toronto stock exchange at C\$14.50.

Howard Smith profits fall 75%

By Bruce Jacques in Sydney

HOWARD Smith, the Sydney-based shipping and engineering group, felt the sting of the Australian recession in the first half to December with a 75 per cent fall in net profits to A\$25.67m (US\$19.74m) from A\$104.07m a year earlier.

The decline was in spite of a 7.5 per cent increase in sales to \$352.2m from A\$327.45m. The interim dividend is being held at 10 cents a share. A key factor in the result was a reduction from A\$15.5m to A\$8.5m in interest revenue following payment last year of a A\$140.1m special dividend and capital return.

This payout capped a turbulent period for the company as it battled to throw off effective control by the Adelaide Steamships group, then headed by Australian entrepreneur Mr John Spalvis.

Howard Smith directors said the company had suffered from recession in both Australia and the UK, where it controls the Medway towage and salvage group.

"The impact of the recession is still being felt in all operating areas and no improvement in earnings is expected in the current half year," they added.

Salomon management changes continue

By Patrick Harverson in New York

CHANGES at the top of Wall Street securities house Salomon Brothers continued yesterday when Mr Robert Salomon replaced Mr Michael Holland as head of the asset management division.

Mr Holland left Salomon on Monday to become a vice-chairman at Oppenheimer, the fund management group.

Although the departure of Mr Holland was not directly related to fall-out from the bond trading scandal which engulfed Salomon last year and

which led to a massive shake-up of the company's senior management, it is the latest in a series of top defections.

Last week Mr Dennis Bortin, a key executive in Salomon's investment banking department, left to join rival Wall Street firm Bear Stearns.

Mr Salomon, who is a direct descendant of the family that founded Salomon Brothers and who has been at the firm for 16 years, will take over the asset management unit at a

time when demand from institutions and wealthy individuals for professional management of their money is booming.

Salomon Brothers Asset Management is only three years old, but in that time it has amassed more than \$8.6bn in advisory assets, plus an additional \$7bn in assets held by the Resolution Trust Corporation, the government agency overseeing the bail-out of the collapsed thrift industry.

Although the asset management division is still a small contributor to Salomon's total earnings - bond trading and sales remain the mainstay of the firm - it will play an increasingly important role in the future.

In common with many other big Wall Street firms, Salomon is expected to build up the parts of the company that provide a regular stream of fee-based revenues as insurance against the volatility of its earnings from traditional securities business.

Equitable Life surplus shrinks by further \$290m

By Nikki Tait in New York

EQUITABLE Life Assurance Society, the third largest US insurer, has revealed it saw its surplus shrink by another \$290m in 1991 - ahead of the \$250m "surplus note" capital injection which Axa, the French insurer provided in early summer.

The "surplus" is essentially the policyholders' cushion, and changes from year to year are the best measure of a mutual company's profits or losses. After adding in the \$250m surplus note injection and the mandatory securities valuation reserve, Equitable's statutory capital stood at \$1.65bn at the end of 1991, compared with \$1.94bn in 1990.

Equitable is currently a mutual insurer - that is, one which essentially belongs to its policyholders. It is in the process of converting to share-holder-owned status, and Axa is expected to acquire a very large minority stake at that stage, in return for a total \$1bn investment made last July.

Equitable said it would "soon" be mailing the hefty documentation on this to more than 2m eligible policyholders entitled to vote on the matter.

The documents have been awaited for several days now, and two-thirds of those voting must be in favour.

The figures produced by Equitable for 1991 are particularly complex because of the demutualisation scheme. Instead of just providing "statutory" numbers, filed with the insurance authorities, Equitable is also disclosing how its figures would look of a GAAP (Generally Accepted Accounting Principles) basis. GAAP accounting, which is more conservative, is used by all public-held US corporations.

Under GAAP, Equitable shows a \$89.1m loss, with \$307.8m coming from continuing operations, \$561.9m from discontinued operations and a \$28.4m charge for demutualisation costs. The loss for discontinued operations refers to the guaranteed investment contracts, an expensive form of contract, where Equitable has now written off its losses. The write-off was taken in one year under GAAP, but spread under the statutory system.

A \$370m write-up of the Alliance Capital subsidiary was also disallowed under GAAP.

Digital seeks 7,000 job cuts

By Louise Kehoe in San Francisco

DIGITAL Equipment is offering early retirement to about 7,000 of its US employees, or over 10 per cent of the computer company's US workforce, in its latest effort to reduce costs.

Digital has been struggling to reduce employment for two years in the face of flat sales and depressed profitability. The company employs about 119,500 people worldwide, including 60,300 full-time workers in the US.

The early retirement programme, the first of its kind offered by Digital, applies to all US employees over the age of 50 with five years or more service with the company, and is voluntary.

The company said the voluntary programme was in addition to existing Digital severance programmes.

Since September 1989, when the job reduction programmes were initiated, about 12,450 people have left the company, excluding normal attrition and retirements.

All but 5,550 of these job cuts were mandatory.

For its second fiscal quarter, ending in December, Digital reported net losses of \$138m on revenues of \$3.5bn.

Digital has taken a total of \$1.5bn in restructuring charges over the past two years to cover the cost of plant closings, consolidations and work force reductions.

Roche to promote new drug

By Daniel Green

ROCHE, the Swiss drug company which is one of the largest and fastest-growing in the industry, yesterday extended its involvement in genetic engineering by signing a deal to promote a new cystic fibrosis drug, DNase, made by Genentech of the US.

DNase should be approved by 1994. Sales could be as high as \$250m a year, and Roche will develop and promote the drug in Europe.

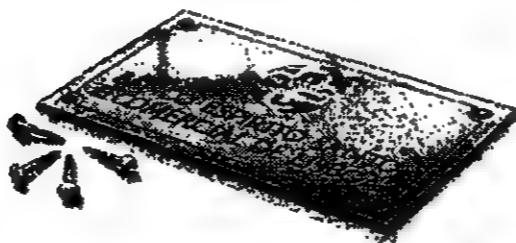
It could also have applica-

tions for bronchitis sufferers, although approval would take several years.

The deal is the latest in a series following Roche's acquisition two years ago of a 60 per cent stake in Genentech for \$2.1bn. Genentech was one of the pioneers in genetic engineering.

Last year, Roche paid \$300m for a genetic engineering production process called PCR developed by Cetus, another Californian drug company.

It has taken nationalisation, seventeen years and a completely new international network.



But the Espírito Santo Group now have their bank back.

When all the Portuguese banks were nationalised in 1975, the Espírito Santos lost Banco Espírito Santo e Comercial de Lisboa. On February 25th, they finally regained it.



ESPIRITO SANTO FINANCIAL HOLDING S.A.

Si International B.V.

(Formerly known as Investors in Industry International B.V.)

£125,000,000

GUARANTEED

FLOATING RATE NOTES 1994

FOR THE THREE MONTH PERIOD

28TH FEBRUARY, 1992 TO 29TH MAY, 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 10 1/4 per cent per annum and that the interest payable on the relevant interest payment date, 29th May, 1992 against Coupon No. 18 will be £261.07 from Notes of £10,000 nominal and £26.11 from Notes of £1,000 nominal.

S.G. WARBURG & CO. LTD.

(Agent Bank)

All of these securities having been sold, this advertisement appears as a matter of record only.

HCA

HCA-Hospital Corporation of America

Class A Common Stock
(par value \$0.01 per share)

39,100,000 Shares

7,820,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

Goldman Sachs International Limited

Merrill Lynch International Limited

J.P. Morgan Securities Ltd.

Nomura International

Société Générale

UBS Phillips & Drew Securities Limited

Caisse des Dépôts et Consignations

Cazenove & Co.

Credit Suisse First Boston Limited

Deutsche Bank
Aldersbach AG

IBI International Limited

B. Metzler seel. Sohn & Co.
Kommanditgesellschaft auf Aktien

31,280,000 Shares

This portion of the offering was offered in the United States by the undersigned.

Goldman, Sachs & Co.

Merrill Lynch & Co.

J.P. Morgan Securities Inc.

Bear, Stearns & Co. Inc.

The First Boston Corporation

Alex. Brown & Sons
Incorporated

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette
Securities Corporation

A.G. Edwards & Sons, Inc.

Hambrecht & Quist
Incorporated

Kemper Securities Group, Inc.

Kidder, Peabody & Co.
Incorporated

Lazard Frères & Co.

Lehman Brothers

Montgomery Securities

Oppenheimer & Co., Inc.

Prudential Securities Incorporated

Robertson, Stephens & Company

Salomon Brothers Inc

Smith Barney, Harris Upham & Co.
Incorporated

Wertheim Schroder & Co.
Incorporated

Dean Witter Reynolds Inc.

J. C. Bradford & Co.

Advest, Inc.

Cowen & Company

Dain Bosworth
Incorporated

Equitable Securities Corporation

Legg Mason Wood Walker
Incorporated

McDonald & Company
Securities, Inc.

Morgan Keegan & Company, Inc.

Rauscher Pierce Refenes, Inc.

Raymond James & Associates, Inc.

The Robinson-Humphrey Company, Inc.

Sutro & Co. Incorporated

Tucker Anthony
Incorporated

Wheat First Butcher & Singer
Capital Markets

Adams, Harkness & Hill, Inc.

Sanford C. Bernstein & Co., Inc.

Crowell, Weedon & Co.

Furman Setz
Incorporated

J. J. B. Hilliard, W. L. Lyons, Inc.

Interstate/Johnson Lane
Corporation

Janney Montgomery Scott Inc.

Edward D. Jones & Co.

Ladenburg, Thalmann & Co. Inc.

Needham & Company, Inc.

Pennsylvania Merchant Group Ltd

The Principal/Eppler, Guerin & Turner, Inc.

Ragen MacKenzie
Incorporated

Scott & McLeod (USA) Inc.

Scott & Stringfellow Investment Corp.

Stephens Inc.

Stifel, Nicolaus & Company
Incorporated

Wedbush Morgan Securities

February, 1992

AMSCO International, Inc.

through its subsidiary

AMSCO Europe, Inc.

has acquired

Finn-Aqua Santasalo-Sohlberg Oy

February 28, 1992

FLY SAS STAY FREE

Fly SAS EuroClass to Scandinavia/Finland and your first night's stay in an SAS International Hotel will be FREE... with up to five subsequent nights at only HALF-PRICE.

For full details contact your travel agent or SAS London 011 734 4020. SAS Manchester 0161 279 1242. SAS Rotterdam 020 4770020.

SAS

Notice to the Holders

BANK OF TOKYO (CURACAO) HOLDING (NV)

RF 400,000,000

Guaranteed Floating Rate Notes

Due 1992

Change of Address

Bank of Tokyo London

12-15 Finsbury Circus

London EC2M 7BT England

Banking Indonesia Luxembourg S.A.

INTERNATIONAL COMPANIES AND FINANCE

IBM plans to compete directly with 'clones'

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines plans to launch a range of lower-priced computers that will compete directly with the many "clones" of its original products. The move is a bid by IBM to recharge its sluggish personal computer sales.

Outlining the company's strategy to maintain profitability and market share, even as personal computer prices plummet, Mr James Cannavino, president of IBM's personal systems division, says he will transform the PS/1 home computer into a broader range of machines aimed at price-conscious buyers.

IBM will offer two lines of personal computers - its "premium" PS/2 line, with leading edge technology and support services for business users, as well as an "industry standard" PS/1 range that competes with the lowest priced clones. The PS/1 range will be sold primarily through large-volume retail outlets and mail order companies.

"The error we made was to think that

the PS/2 was a one-size-fits-all product line," says Mr Cannavino. Many buyers, particularly in the US, now choose personal computers simply by price, he acknowledges.

In this "commodity" segment of the market, IBM's share of personal computer sales has fallen sharply.

IBM's new PS/1 line will span the full range of performance - from popular 386-based machines through the more powerful 486 models, and ultimately the next generation of 586 computers, based on a new Intel microprocessor. They are expected to be launched later this year.

IBM is "one of the very lowest cost manufacturers in the [personal computer] industry," Mr Cannavino maintained. Dismissing reports that IBM will shift much of its personal computer manufacturing to south-east Asia, Mr Cannavino said: "Labour costs are not much of an issue, because the labour content in constructing a personal computer is very small."

Instead, he said, the goal is to continually improve manufacturing efficiency by shortening the manufacturing cycle - from component purchases to computer sales.

IBM is also considering joint manufacturing projects similar to its venture with Toshiba of Japan, which produces liquid crystal display screens for portable personal computers.

Perhaps IBM's greatest challenge is to maintain its "premium" product image while also taking advantage of its lower cost manufacturing capabilities to compete in the low-price segment of the personal computer market.

Yet IBM is hardly alone in struggling to maintain its position in the rapidly changing personal computer market.

Compaq Computer, similarly, is overhauling its product strategy while trying to reduce costs. Many second and third-tier manufacturers are also facing extreme price pressures.

New generation eyes seat of power

Louise Kehoe and Alan Cane on John Akers' search for a successor

WANTED: Executive with broad experience, proven track record and strong leadership qualities. Must be under 50 years of age and willing to sit on the sidelines for at least two years before taking on one of the most demanding jobs in corporate America.

THIS is a pivotal year for top executives at International Business Machines. Those who fail to live up to the expectations of its chairman, Mr John Akers, will find their careers slowing abruptly. Those with ambitions to become chairman will have to produce the financial results to justify their claims.

The sudden departure of two of the company's highest ranking executives, both of whom had at one time been regarded as potential candidates for the top job in the computer manufacturer, has generated intense speculation about Mr Akers' successor.

Mr Michael Armstrong, a senior vice-president and her apparent, announced recently that he was leaving to become chairman and chief executive of Hughes Aircraft. A few days later, Mr George Conrades, a former general manager of IBM USA, said he was leaving.

Mr Conrades is seen as the most obvious victim of Mr Akers' tough new policy with his senior executives. He was demoted to a staff post last year when IBM's domestic performance failed to meet expectations.

Under normal circumstances Mr Akers would be expected to give up the chairmanship in late 1994 when he turns 60. IBM has only occasionally waived its strict retirement policy - in 1988 the then joint vice-chairman, Mr Caspar Casani, was asked to stay a further year. This year, Mr Jack Kuehler, the company's popular president, agreed to stay on beyond his planned retirement in September.

These are far from normal times for IBM, however. The company has just weathered the worst year in its history, with sales slipping over 6 per cent to \$64.79bn and a net loss, after charges, of \$2.83bn.

Mr Akers' chairmanship is



Bob LaBant (left) and James Cannavino: favourites to emerge as the chairman's heir-apparent



under pressure. The six years since he took over have been marked by declining competitiveness and drastic measures to make up lost ground.

The latest, put in train last year, aims to transform the company into a holding company with dozens of operational units that work independently, yet retain access to IBM research laboratories and other resources.

There is no guarantee the plan will succeed in time to allow Mr Akers to make a graceful exit. Transforming IBM's ingrained hierarchical culture will be a slow and difficult process, many observers believe. For Mr Akers - and his top lieutenants - remuneration is tied to results. As a result, Mr Akers' pay could be cut 40 per cent, to less than \$1.8m this year.

Indeed, Mr Akers may be the only IBM executive who is not engaging in private speculation about the management race. He is said to be in no mood to discuss his retirement plans. He would like to complete the ambitious restructuring process. This is unlikely to be completed by the end of 1994 and he might wish to remain for another year or two.

That could explain Mr Armstrong's move. Insiders insist he wanted to be a chief executive, but at 63, his age counted against him at IBM.

IBM would want its new chairman to have 10 years in

the role, according to Mr Sam Albert, a former IBM executive with close ties to the company.

That criterion would rule out company veterans such as Mr Terry Lautenbach (58), Mr David McKinney (57) and Mr Steven Schwartz (57).

Whether the main board, if asked, would allow Mr Akers to stay on is another matter. Traditionally, IBM chairman, with the board's blessing, choose their successors.

Some suggest that for the first time IBM may look outside for a new chief executive.

Most observers, however, expect Mr Akers to hand over to one of a group of second-tier executives, in their mid to late 40s, who are being counted on to improve the performance of key sectors in the toughest economic climate IBM has ever experienced.

They include Mr Bob LaBant, 46, vice-president and general manager of IBM USA, Mr James Cannavino, 47, general manager of personal systems, Mr Ned Lautenbach, 48, president of IBM Asia Pacific (and Terry Lautenbach's brother), and Mr Bernard Puckett, 47, general manager of applications solutions.

Long shots include Mrs Ellen Hancock, 45, general manager of networking systems and Mr Renato Rivero, chairman of IBM World Trade for Europe, Middle East and Africa.

The smart money, however,

seems to be on Mr LaBant and Mr Cannavino. Both have charm, energy and a willingness to talk to outsiders with an openness that would have seemed foreign to the company 10 years ago.

Mr LaBant made his name as the manager of IBM's successful mid-range computer business. Its Rochester, Minnesota, manufacturing site last year won the coveted Malcolm Baldrige award for quality. An amusing speaker, he presents his arguments with a clarity which must have scored high marks in his progress through the company.

Mr Cannavino, the enigmatic head of IBM's personal computer business, has a key role in two of IBM's most important alliances - an agreement with Groupe Bull focused on IBM's workstation technology, and a partnership with Apple designed to develop new microprocessors and software for personal computers.

Mr Cannavino - someone who has addressed industry conferences wearing a T-shirt disguised as a tuxedo - hardly fits the traditional IBM mould, but he is very much the man of the moment. As a colleague of his remarked, the strait-laced executives of the past are no longer heroes at IBM.

Ned Lautenbach has been in charge of Asia-Pacific operations for a year. However, he is not thought to score as highly on charisma and leadership as his brother Terry, who is on the company's five-man management committee.

Mr Puckett is a dark horse. Little known outside IBM, his name always comes up when the succession is discussed. He is general manager of IBM's applications solutions line of business, responsible for putting together hardware and software to solve customers' problems. He previously ran the mainframe division.

Much will now depend on how each contender performs over the next 12 months. Running the world's largest computer company in such trying times has proved a bed of nails for Mr Akers. As he ponders on his successor, he might well ask himself who would really want the job.

Keppel posts 22% rise in net profit

By Joyce Quek in Singapore

KEPPEL, the Singapore shipbuilder, yesterday announced a 22 per cent rise in 1991 gross profits to \$814.72m (US\$88.2m), up from \$668.20m a year earlier.

Turnover rose 20 per cent to \$81.68m from \$68.4m on the back of the completion of several large contracts at Ship-repair and Offshore Specialised Shipbuilding, the group's main subsidiary.

Keppel benefited in the second half from strong revenue from ship repair, at \$8459.6m against \$8395.1m.

Keppel Bank, the banking and financial services, saw strong advance, boosted by a newly acquired subsidiary. The group's property activities also had better results.

Group operating profit expanded 19 per cent to \$8242.4m from \$6904.5m. Net interest income increased to \$818.5m from \$815.4m, while associates' contributions lifted pre-tax profits to \$8270.7m from \$8225.6m.

However, attributable profits fell to \$8160.8m from \$8161.2m due to lower extraordinary gains.

With large contracts in hand and demand for most of the group's services remaining strong, Keppel expects to maintain the 1991 level of operating results, although the business environment may be somewhat uncertain this year.

Keppel will continue to seek opportunities locally but will place greater emphasis on overseas expansion, particularly in the Pacific region.

Its operations include a ship repair centre in Singapore, profitable shipyards in the Philippines and a joint venture in India.

NEW ISSUE This announcement appears as a matter of record only March 1992

NIB

Nordic Investment Bank

Italian Lire 150,000,000,000
11.30 per cent. Notes due 2002

IMI Bank (Lux) S.A.

Banca Commerciale Italiana

Banca Nazionale del Lavoro

Banco di Roma

Bankers Trust International PLC

Commerzbank

Istituto Bancario San Paolo di Torino S.p.A.

Swiss Bank Corporation

ABN AMRO Bank N.V.

Banco di Sicilia

Banque Bruxelles Lambert S.A.

Caboto S.p.A.

Credit Commercial de Belgique S.A./Gemeentekrediet van België N.V.

Dresdner Bank

Generale Bank

LTCB International Limited

Monte dei Paschi di Siena

Sankt Anna Bank A/S

UBS Phillips & Drew Securities Limited

Banca Euromobiliare

Banco di Napoli

Banco di Sardegna

CARIPLO S.p.A.

Credit Suisse First Boston Italia S.p.A.

NatWest Capital Markets Limited

Swiss Bank Corporation

Area Commissionaria S.p.A.

Bank of Tokyo Capital Markets Group

Banque Internationale à Luxembourg S.A.

Credit Commercial de France

Den Danske Bank

Fuji International Finance Plc

Kreditbank International Group

Mitsubishi Finance International plc

Paribas Capital Markets Group

Somatomo Finance International Limited

Unibank

Westdeutsche Landesbank
Girozentrale

SATQUOTE

THE MOST EFFECTIVE REAL-TIME PRICE INFORMATION SERVICE
* FX * EQUITIES * FUTURES & OPTIONS *
* BONDS * ECONOMIC NEWS *
CALL • LONDON (071) 329-3377 • FRANKFURT (069) 639125

FUTURES & OPTIONS TRADERS

FOR AN EXPERT AND COMPETITIVE SERVICE

BERKELEY FUTURES LTD.

15 PARK ROAD, LONDON NW1 1BN
OR TEL. CHARLES DE ROEPER
ON 071-224 8488
FAX 071-224 8275

INTERNATIONAL CAPITAL MARKETS

Treasury market sell-off affects Eurodollar paper

By Tracy Corrigan

PLACEMENT of more than \$1.5bn of fresh paper in the Eurodollar bond market yesterday was hampered by a sharp sell-off in the US Treasury market for the second day running.

Further signs that the US economy is starting to recover prompted concern that interest rates are unlikely to fall further. While the US Treasury market was the hardest hit, with traders reporting large liquidations of positions even before the opening of New York trading, the Eurodollar bond market was also affected by changing sentiment.

Swap spreads collapsed as counterparties willing to pay the fixed-rate side of the transaction evaporated. With substantial portions of unsold paper launched at the start of the year still on underwriters' books, retail-targeted deals, which generally take several weeks to filter down distribu-

ARGENTINA'S largest private sector commercial bank, Banco Rio de la Plata, is set to launch a bond of up to \$100m in the international market tomorrow, writes Stephen Fidler.

The three-year bonds, the first for a private commercial bank since the market reopened to Argentine borrowers in late 1990, will carry a coupon of 9% per cent. They are expected to be priced to yield 3.75 percentage points over US Treasury paper, suggesting an issue price of below 100. An underwriting group will be led by Merrill Lynch. Argentine private sec-

The deal was priced at a yield spread of 38 basis points above the 10-year Treasury, reflecting the marked difference in perception of the African Development Bank's credit, compared with other triple-A rated international agencies like the World Bank.

The African Development Bank, which made its debut offering in the dollar sector yesterday, proved virtually immune to the wave of negative sentiment. The deal, arranged by Swiss Bank Corporation, met strong investor demand, due to its triple-A rating and its rarity value, as well as an extensive run of pre-marketing.

Two US companies, Du Pont and Philip Morris, which are well regarded by Swiss investors, launched aggressively priced offerings totalling \$250m

for companies have issued \$321m of bonds since late 1990. The main shareholder of the bank, with assets of \$1.7bn and a capital to assets ratio of 4:1, is Fundación Perez Companc, a foundation formed and owned by the Perez Companc family, whose members also control a further 33.7 per cent of the shares.

Mr Roberto Ruiz, a bank director, said the bonds were being sold against a backdrop of an improving Argentine economy. Argentina's banking system was well capitalised and the indebtedness of its domestic corporate and consumer markets was low.

each via Credit Suisse First Boston. In a difficult market, these retail-targeted deals attracted a few takers.

Du Pont's 10-year deal was priced to yield 46 basis points above the 10-year Treasury, while Philip Morris' five-year paper was launched at a spread of 60 basis points above the curve. Both traded outside fees, and despite the declining Treasury market, the yield spreads widened by three and five basis points respectively.

A \$300m five-year deal for IMI Bank International, the Italian financial institution, and a \$350m four-year deal for Chubu Electric Power, the Japanese power company, were both considered fairly priced but also suffered from the fall-out.

PaineWebber salesmen tune in to Zeitgeist

Ian Hargreaves examines the securities brokerage's changing strategy for the 1990s

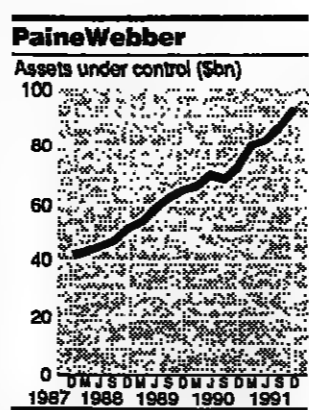
YOU only have to look at PaineWebber's recent television commercials to see how much the atmosphere on Wall Street has changed since the Roaring Eighties.

The spots show mini-dramas of mother-daughter anxieties, early retirement, kids off to college, ageing parents heading for the nursing home - with a punchline that says secure futures were achieved because of timely and sympathetic interventions by the PaineWebber salesman. The firm's slogan for the campaign is: "We invest in relationships."

This image of wholesome reliability is very much in tune with the times, and it is one that is breeding success. Today, PaineWebber is the fifth largest securities brokerage in the US with a network of 4,700 brokers, and last year it rode buoyant stock and bond markets to a record after-tax profit of \$150.7m.

Yet PaineWebber's route to success over the past decade has been somewhat circuitous, taking in a botched merger and an advance into, then a retreat from, investment banking. Along the way it got involved in some injudicious arbitrage and banking deals, including one calamitous bridge loan to Federated Department Stores in 1988 which forced the company to take an undisclosed reserve to cover future losses.

PaineWebber has also drawn back from venture capital and trading on its own account. Yet, while others made megabucks in the debt-driven deal-making of the 1980s, PaineWebber was searching for more reliable pastures. As a result,



for most of that period, the company looked plain dull. Today, however, it seems PaineWebber may have cleaned out its weaker businesses and focused on its strengths just in time to cash in on the new Zeitgeist. This, at least, is the view of Mr Donald Marron, who has been the company's chief executive since 1991.

"In the 1980s, people talked about the consumer products they wanted. Now they talk a lot about saving and investing," Mr Marron is quoted as saying. "The American population, he says, is ageing and pressed by falling real incomes since the late 1980s, faces a change in the pensions outlook and the burden of the highest health costs in the world."

The US, says Mr Marron, has become a nation of savers. So why has this not shown up in the savings ratio figures? "Because they measure the wrong things," he says. "At the same time, Americans have also seen their most straightforward route to protecting savings against infla-

tion - the easily purchased certificate of deposit - undermined by tumbling real interest rates. With house prices also weak, conditions could not have been better for the smiling stockbroker to suggest a nice line in mutual funds or a new retirement account. This new demand for equity-based savings products has not just enriched the brokers and fund managers, it has also contributed hugely to the boom in stock prices."

PaineWebber is certainly not the only firm to have done well in these circumstances. Others, from the giant Merrill Lynch to more specialised firms such as A.G. Edwards and discount brokerage Charles Schwab, have also enjoyed sharp earnings growth.

But Mr Marron argues that his own firm has a strategy which will enable it to continue its relative prosperity, and permit it to grow more rapidly outside the US as well. The company already has a Japanese link through insurance group Yasuda Mutual Life, which owns an 11.7 per cent stake in PaineWebber.

Mr Marron is interested in finding an European partner. "The basic idea would be to exchange distribution systems. We could distribute their products and they could distribute ours," PaineWebber already claims to be one of the top three London-based distributors of US equities to institutions.

The underlying game plan is to increase the quality of PaineWebber's revenues, retaining a strong balance sheet, focusing more carefully upon what the customer wants, and



Donald Marron: US has become a nation of savers

preferring business lines which offer recurrent fee income - less glamorous than other parts of the securities business, but perhaps more reliable.

At the same time, PaineWebber is working hard to control costs. Overall, 1991 was a good year for the firm in this respect, although the biggest category of expenses, employee compensation, rose by almost 19 per cent, mainly because of buoyant stock prices and the rush of individual investors to the market fuelled a sharp rise in performance-related pay.

In practice, the strategy's success will be determined by how good the company is at devising new products and services - what Mr Marron calls the "manufacturing" side of the business - and selling them to individual investors and savers and to financial institutions - the "distribution" side. It is highly competitive, but Mr Marron says he signs competition has eased up

somewhat, the savings and loans remain in disgrace, and the banks seriously weakened.

One benchmark of progress is the rate at which the total volume of assets controlled by PaineWebber has grown. As the chart shows, the curve has been satisfactory in recent years, reaching \$93.2bn in 1991. It is this figure which PaineWebber sets alongside its salaries bill, pointing out that the average investment executive in 1991 was covering \$20.8m of assets - double the level of five years earlier.

Mr Marron says of the costs outlook, that PaineWebber can extract further economies of scale from its New Jersey computer complex, but that elsewhere: "I don't see any big decline from here. Costs are where they are." He would, however, like to bolster the company's retail operations.

PaineWebber is also busy training and retraining staff for the mission of managing Main Street's savings, preparing the company for the economic recovery. "When the economy turns, there will be more leverage than we all think, because there's been a big cultural change," Mr Marron says. "All businesses are more aware of costs and more aware of focusing on higher profit margin activities."

Yet despite the bullish stock market, the booming broking business and improved economic outlook, Mr Marron does not foresee a return to high-living on Wall Street. "I think we will look back at the late 1980s and say that it was a warped period in our industry," he says.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount in \$m	Coupon %	Price	Maturity	Lead	Book runner
US DOLLARS						
Chubu Electric Power (a)	350	7 1/8	100	1996	28/10/96	USBS Phillips & Drew
African Devt Bank (a)	300	7 1/8	99 7/8	2002	32/5/2002	SBC
IMB Bank Int'l (a)	300	7 1/8	99 7/8	1997	13/1/97	JP Morgan Secs.
Public Mortgage (a)	250	7 1/8	101.625	1997		
El Du Pont de Nemours (a)	250	8	101 1/2	2002	2/1/02	CFBS
Republic of Turkey (a)	180	8 1/2	100	1997	14/1/97	Bankers Trust Int.
Adelphia Co (a)	150	8 1/2	100	1998	1/1/98	
Tasco Print Co (a)	100	8	100	1998	2/4/1/98	Yamauchi Int.
FRANCHISES						
World Bank (a)	1bn	8 1/8	98.75	2000	30/10/00	CCF
LIRES						
ENEL (a)	500m	10 1/4	101.60	2002	1/1/02	Commerzbank Italiana
D-MARKS						
Shaw Highpolymer (a)	50	4 1/2	100	1998	2/4/1/98	Deutsche Europe GmbH
Nikkiso Corp (a)	40	(a)	100.30	1997		Dai-ichi Kangyo Bank
SWISS FRANCHISES						
KVC Machine Ind. (a)	50	3 1/2	100	1998		SBC
KVC Machine Ind. (a)	50	3 1/2	100	1998		SBC

Private placement. (a) Convertible. (b) With equity warrants. (c) Floating rate note. (d) Final terms. (e) Non-callable. (f) Put option. (g) Coupon at 300p over 6-month LIBOR. Non-callable. (h) Put option 2006/04 at 100% to yield 6.95%.

Bowater gains cheap finance from vendors

By Sara Webb

BOWATER, the UK packaging and printing group which announced plans to acquire two specialist packaging companies for \$444m on Monday, has agreed cheap financing from the vendors. The agreements are seen as a sign that the vendors were desperate to get rid of the companies con-

Although the purchase of DRG Packaging and Cope Allman Packaging is to be financed mainly by a \$335.5m

rights issue, Bowater has agreed to borrow a total of about £300m at between 5 per cent and 6.5 per cent, which is well below the London interbank offered rate (LIBOR).

Bowater is paying Pembroke Investments £121m for DRG Packaging. At the same time, Société de Banque Thomson, the French finance house, which controls Pembroke Investments, has agreed to help finance the acquisition

with a four-year \$157m loan carrying an interest rate of 6.5 per cent.

One of the parties involved in the deal - who asked not to be named - said the low interest agreed on the loan financing was "merely a way of covering up the fact that the vendor is making a loss on the sale of DRG."

Such financing by a vendor to assist with the sale of a company is not unusual, but the interest rate in this

case is considered very low. Bowater is also buying Cope Allman for \$232m, of which \$200m will be used to pay off existing debt. The debts include loans of \$100m to ADT, the security and car auction business which owns 49 per cent of Quotidian, Cope Allman's vendor.

As part of the deal, Bowater will receive a \$50m five-year loan at 5 per cent from ADT Finance BV, a company which is associated with the vendor.

LVMH places FF1.5bn of notes

LVMH, the French luxury goods group, has placed private FF1.5bn of new subordinated notes. The subordinated notes are underwritten by Dure Indemnitees, or TSDI, Reuter reports from Paris.

LVMH said the operation, yielding net available cash of FF1.1bn, will refinance part of its long-term debt as it reaches maturity as well as short-term borrowings used to fund the group's 1991 acquisitions. The issue was placed with leading European and Japanese banks.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Tuesday March 3 1992						Mon Mar 2	Fri Feb 26	Thu Feb 27	Year ago (approx)
S & S-SECTIONS		Index No.	Day's Change	Est. Earnings Yield (%)	Gross Div. Yield (%)	Est. P/E Ratio	Vol. ad. 1992 to date	Index No.	Index No.	Index No.	Index No.
Figures in parentheses show number of stocks per section											
1	CAPITAL GOODS (178)	796.39	+0.2	8.29	5.99	15.42	1.41	795.03	795.09	795.06	863.92
2	Building Materials (23)	970.18	+0.4	7.17	6.43	18.80	0.44	973.62	976.31	978.15	1163.99
3	Contracting, Construction (28)	904.84	+0.1	8.68	8.07	16.66	1.32	896.12	893.94	896.53	1046.83
4	Electricals (7)	2429.43	+0.2	10.17	6.17	12.37	1.77	2434.60	2442.31	2441.77	2843.15
5	Electronics (26)	1860.20	+0.3	9.76	4.61	12.98	1.86	1854.05	1859.34	1857.93	1810.31
6	Engineering-Aerospace (8)	336.04	+0.3	12.18	7.73	9.98	3.78	334.90	333.15	331.01	458.90
7	Engineering-General (43)	491.90	+0.1	9.42	4.80	13.10	1.21	491.52	493.90	493.59	440.15
8	Metals and Metal Forming (10)	321.63	+0.5	2.15	10.68	13.10	0.00	319.99	321.97	325.93	488.82
9	Motors (14)	311.50	+0.9	8.16	6.15	16.29	0.00	314.22	315.37	313.76	391.23
10	Other Industrial Materials (19)	1598.45	+0.4	7.67	5.15	15.46	0.69	1591.44	1590.84	1587.34	1502.93
11	CONSUMER GOODS (188)	1680.13	+0.2	7.12	3.33	17.19	4.74	1677.99	1686.14	1681.55	1375.06
12	Brewers and Distillers (23)	2116.06	+0.1	7.58	3.35	15.90	7.92	2117.41	2127.40	2127.09	1708.09
13	Food Manufacturing (38)	1586.18	+0.1	8.51	4.04	12.97	2.11	1588.68	1594.56	1594.20	1321.06
14	Food Retailing (17)	2664.36	+0.5	8.28	3.11	15.69	4.06	2656.98	2665.08	2662.02	2307.81
15	Health and Household (24)	4345.77	+0.6	6.19	2.40	18.32	15.12	4344.00	4367.19	4336.32	3002.02
16	Hotels and Leisure (23)	1295.49	+0.4	7.18	5.20	17.36	8.54	1300.31	1306.95	1311.17	1345.71
17	Media (24)	1586.18	+0.1	8.51	4.04	12.97	2.11	1588.68	1594.56	1594.20	1321.06
18	Packaging Paper & Printing (17)	763.98	+0.6	6.87	3.38	19.36	0.59	757.73	760.02	758.01	827.18
19	Stores (32)	1078.34	+0.3	6.84	3.38	19.36	0.59	1073.13	1082.38	1077.69	872.05
20	Textiles (10)	650.33	+0.3	7.09	4.78	18.09	0.53	650.08	649.00	653.63	512.51
21	OTHER GROUPS (16)	1238.77	+0.4	7.72	5.34	12.97	4.41	1233.79	1238.16	1239.54	1167.00
22	Chemicals (12)	1398.89	+0.1	6.57	4.60	19.38	0.27	1400.79	1406.36	1397.84	1109.43
23	Conglomerates (11)	1338.22	+0.4	6.95	4.94	12.50	0.59	1507.74	1511.20	1505.48	1255.03
24	Transport (14)	2428.36	+0.1	10.66	7.56	12.45	3.18	2436.47	2441.36	2442.55	2185.83
25	Electricity (16)	1251.18	+0.3	5.24	6.07	25.23	2.46	2417.52	2411.16	2425.45	2185.83
26	Telecommunications (4)	1425.84	+0.7	11.00	4.40	11.87	16.02	1416.46	1421.90	1420.54	1314.22
27	Divers (50)	2468.08	+0.1	17.28	6.34	6.37	0.00	2441.96	2468.22	2468.12	2045.21
28	Miscellaneous (24)	1794.38	+0.1	16.18	5.71	19.11	1.18	1802.93	1812.53	1834.30	1861.57
29	INDUSTRIAL GROUP (482)	1316.95	+0.2	8.13	4.42	15.33	4.43	1315.81	1319.04	1317.63	1189.67
30	Oil & Gas (16)	2055.64	+0.8	9.30	6.91	14.25	36.07	2058.63	2065.78	2055.86	2399.71
31	500 SHARE INDEX (500)	1380.69	+0.3	8.25	4.66	15.20	36.70	1382.94	1387.77	1387.34	1286.75
32	FINANCIAL GROUP (16)	732.04	+0.7	6.23	4.11	8.99	2.61	727.04	732.18	725.64	617.97
33	Banks (9)	916.71	+0.6	4.11	8.99	8.99	16.20	911.57	906.55	903.24	803.30
34	Insurance (Life) (6)	1452.83	+0.6	5.88	5.88	5.88	0.00	1444.62	1452.12	1462.90	1466.70
35	Insurance (General) (7)	480.01	+2.4	7.96	7.96	7.96	0.00	468.62	463.89	463.83	707.42
36	Insurance (Berkshire) (1)	100.23	+0.0	7.72	6.67	17.04	0.61	98.18	98.19	97.64	1084.62
37	Merchant Banks (7)	473.85	+0.1	6.32	6.32	6.32	0.00	473.20	473.31	470.28	409.31
38	Property (33)	734.43	+0.6	7.88	6.18	17.48	0.93	738.96	734.79	735.80	1040.63
39	Other Financial (14)	246.73	+0.2	8.07	7.07	16.38	0.89	246.34	247.12	247.67	278.93
40	Investment Trusts (68)	1195.86	+0.1	3.70	3.70	3.70	4.11	1192.46	1193.03	1191.05	1158.86
41	ALL-SHARE INDEX (654)	1230.40	+0.3	8.43	4.83	15.21	5.72	1226.46	1229.84	1229.38	1171.35
42	Index No.										
43	Day's Change										
44	Day's High										
45	Day's Low										
46	Mar 2										
47	Feb 26										
48	Feb 27										
49	Feb 28										
50	Year										
51	FT-SE 100 SHARE INDEX	2565.41	+1	2564.7	2550.31	2554.3	2562.1	2562.0	2565.0	2566.8	2420.1

Granada defends Plowright decision

By Raymond Snoddy

MR ALEX Bernstein, chairman of Granada Group yesterday had to justify at its annual meeting the forced resignation of Mr David Plowright, chairman of Granada Television.

As the meeting was drawing to an end, with the time for questions already over, Mrs Patricia Davies, a shareholder and former producer on the University Challenge television programme, said she wanted some explanation for the departure. Mr Plowright had always been associated with high quality, she said.

Mr Bernstein replied that while he understood the concern it was a team not an individual that had won the new franchise for Granada.

"I am quite confident that Granada Television can continue to carry out the terms of the franchise satisfactorily," he said, adding that all ITV companies were having to look at their cost structures. Granada Television could be no exception.

Mr Gerry Robinson, the new chief executive who sought Mr Plowright's resignation, said although the departure was very unfortunate it was "absolutely vital" to have straight-



Teamwork: Gerry Robinson (left) and Alex Bernstein

There had been a lack of consistent dialogue with Mr Plowright. "I was sad about that but it could not be allowed to get in the way of nursing the company back to health,"

Mr Robinson said.

Mr Bernstein was attacked by Mr David Boulton, former head of arts and regional programmes at Granada, for "giving in to pressure from others" in getting rid of Mr Plowright.

"Our dismay and concern is all the greater when the assumption is done by a new chief executive whose quality record in the business he ran before is deplorable," Mr Boulton said. He added that Granada, the industrial catering group run by Mr Robinson, had lost contact after contract.

Mr Robinson said that Granada had won the new franchise for Granada Television and said he was dedicated to quality.

"I believe totally in quality and I have no time at all for people who complain about quality," said Mr Robinson to a round of applause.

Earlier there had been complaints about the size of payments to directors and in particular the £579,530 pay-off to Mr Derek Lewis, the former chief executive. Mr Bernstein said Mr Lewis had been paid his entitlement under his contract.

See Observer

Young Grp shares dive after profit warning

By Chris Tighe

YOUNG GROUP, the opencast and drift coal miner, yesterday announced that its profits for the year to November 30 1991 were likely to be substantially lower than expected, and that its directors have recommended no final dividend be paid.

The announcement coincided with the restatement of dealing in the group's shares, suspended on February 18 at 96p. The shares slumped to 27p, but rallied slightly to finish the day at 39p.

In a statement issued by Lawrence, the financial adviser, the USM-quoted company, which has sites in the UK and Venezuela, said it had suffered a shortfall in "economically extractable reserves" at some of its opencast sites resulting in increased per-tonne extraction costs and reduced profitability.

It is understood that geological problems, including underground combustion and smaller than anticipated reserves, have hit production at several sites, denting profitability. The geological setback, although coincidental with the current depressed price for coal, means the County Durham-based group is faced with developing new sites at a time when prices are sliding.

The statement said lost production and the costs of developing new sites while restoring exhausted ones, meant additional working capital was required. A short-term facility had been arranged with shareholders' support and discussions are continuing with NatWest, the group's bankers, and shareholders to arrange additional finance.

Barclays two months ago, the group successfully raised £5.1m net by the issue of 5.7m convertible preference shares, gaining 31 and Hambro European Ventures as shareholders and reducing gearing below 100 per cent.

Last summer, shortly before the year-end, the group's profits of £754,000, Mr Young voiced hopes of boosting coal production from 774,000 tonnes in 1990 to 1m tonnes within three years. But 1991 production will be below the previous year.

T Cowie bucks sector trend with 61% advance to £18.2m

By Jane Fuller

T COWIE yesterday appeared as the light at the beginning of the tunnel in what is expected to be a dismal season for motor-related results. Against the trend, it reported a 61 per cent increase in pre-tax profit from £11.3m to £18.2m.

The share price, which has nearly quadrupled since early last year, gained a further 3p to close at 139p.

Cowie, which is the UK's largest company car leasing operator as well as a motor dealer, benefited partly from reduced interest rates - its Achilles' heel in the past - but also from increased car sales. Although used cars contributed far more to pre-tax profit than new ones, the number of new cars sold was increased in a year when the UK total fell by 21 per cent.

Sir Tom Cowie, chairman, has often said that every 1 per cent point fall in interest rates adds £2.4m to the group's bottom line.

With base rates falling from 14 to 11 per cent between February and July last year, Cowie's annual interest bill came down from £4.7m to £3.6m.

This more than offset a small squeeze on operating profit of £54.3m (£58m) as turn-

over advanced by 5 per cent to £364.9m (£366.5m).

In the Cowie Interleasing finance division, pre-tax profit rose by 46 per cent to £11m on sales of £203.8m (£198.7m).

Mr Neil Pykett, director, said the fleet had been expanded from 53,000 vehicles in 1990 to more than 61,000 now.

In the motor division, pre-tax profit rose by 37 per cent to a record £5.61m (£4.83m) on sales of £316.5m (£276m).

A large order from Hertz UK showed through in an increase in new car sales from 29,000 to nearly 31,000.

Mr Iain Jape, director, said new cars only contributed 6 per cent to the division's profit. Used cars accounted for 33 per cent as sales went up from just over 8,000 to 10,500 units. Workshops, bodyshops and parts contributed 63 per cent.

Cowie's net debt - mostly related to the fleet - grew to £355.2m (£328.7m), with gearing stable at 385 per cent. The increase in borrowings followed spending of £148m on renewing the fleet plus £45m to fund acquisitions.

Fully diluted earnings per share rose to 11.11p (7.22p).

A final dividend of 3.375p

makes a total of 4.875p (3.7p).

COMMENT

To produce a pre-tax profit figure second only to the £26.1m of booming 1988 is quite an achievement in a year which could hardly be more different. Cowie has proved right those who said it was a classic interest rate play - rather than a candidate for insolvency. But more than that, it has proved the fundamental quality of its car leasing and dealing businesses. Part of this rests on the synergy between the two: interleasing buys from its sister organisation, while the retail business has a ready supply of used cars. Just as important are the symptoms of good housekeeping: a conservative approach to residual values - the undoing of others, the spreading of overheads, early pruning of poorly performing activities. With pre-tax profit forecast to reach £23m to £25m this year, the prospective multiple is about 9.5. The perceived risk attached to highly geared leasing groups has dictated a discount and the shares may pause after a fine run. Medium term there is scope for more.

Serco moves away from defence and hits £5.2m

By Angus Foster

SERCO GROUP, the task management company, yesterday announced a 31 per cent increase to £5.2m in pre-tax profits in the year to end-October. In line with forecasts made ahead of the October rights issue.

The company, which lists among its contracts the maintenance of Ministry of Defence radars, one in three of London's traffic lights and 108 Marks and Spencer stores, said progress last year was "very satisfactory".

Turnover improved 83 per cent from £78.4m to £104.5m. Mr George Gray, chairman, said about £10m of the increase came from new contracts. All main contracts which came up for review were renewed.

Defence-related business, which provided 75 per cent of turnover when the company floated in 1988, has fallen to 47 per cent following diversification. Since 1990 Serco has provided services to government

and local councils and started operations in Australia and New Zealand.

UK defence budget cuts will affect the group in the longer term. But Serco expects its defence business to increase this year as contracting out to reduce costs becomes more popular.

Following the rights issue, which raised £9.6m, Serco is looking for acquisitions. The company is continuing talks with British Telecommunications about the purchase of International Aeradio, its aviation services subsidiary. This would provide Serco with a natural route into aviation services, Mr Gray said.

Earnings per share increased to 30.5p (28.1p). A recommended final dividend of 8p makes a total for the year of 12p (11p).

The company's shares - which had risen strongly since August - yesterday gained 9p to a high of 624p.

Pifco drops 31% after losses at Russell Hobbs

By Roland Ruedi

PIFCO HOLDINGS, the electrical appliances group, suffered a 31 per cent fall in pre-tax profits for the half year to end-October as it worked to eliminate a loss at Russell Hobbs Tower, its recent acquisition.

The extensive surgery at RHT was responsible for the fall in profits to £277,000 (£1.81m).

The integration process was also hampered by a downturn in consumer spending.

In the 26 months prior to its acquisition from the administrators of Poly Peck International in April 1991, RHT lost more than £30m.

Although the purchase had only cost £700,000 - just over half of its net asset value - Mr Michael Webber, Pifco chairman, said the culture of the business had to be turned around from "being driven by the factory to being driven by the market place".

RHT is now close to

break-even after tighter quality controls reduced return levels by 10 per cent to 20 per cent; the workforce was cut by 100 to 500 and the head office in Wolverhampton was closed and incorporated into Pifco's headquarters in Manchester.

Sales at RHT have fallen significantly, but Mr Webber said that was a price worth paying for getting the business back into the black.

The core Pifco Salton Carman business experienced a difficult six months due to last year's poor summer which resulted in lower sales of Pifco fans.

The haircare and personal care business for Carman was also lower due to soft consumer demand.

Overall group sales rose to £21.8m (£18m). Earnings per share slumped to 5.7p (16p) but the interim dividend is held at 3.5p.

WH Smith buys 59 US music stores

WH SMITH is to acquire 59 recorded music retail outlets in the US from Record World of Long Island, New York.

The stores are located in New York State, New Jersey, Pennsylvania, Maryland, Virginia and Connecticut.

The acquisition gives WH Smith a chain of 186 music stores in the north eastern US and a significant share of several metropolitan markets in Pennsylvania and New York State.

The acquisition is subject to certain regulatory approvals including clearance under the Hart Scott Rodino procedure.

Grahams Rintoul

The net asset value of Grahams Rintoul Investment Trust rose 18 per cent, from 106.4p to 125.8p, over 1991.

Net revenue, however, dipped to £358,000 (£1.05m) leaving losses per share of 1.53p (earnings of 1.12p).

The single distribution for the year is cut from 1.5p to 0.25p.

AAF Investment

AAF Investment Corporation, 65.5 per cent owned by W&A Investments of South Africa, continued its development into an industrial holding company in the 1991 year as pre-tax profits improved 11 per cent from £3.7m to £3.9m.

The figures included its alloy

wheels purchase for 11 months and four months of the scaffolding operation. There was an interest charge of £1.37m against interest received of £1.69m.

Turnover rose to £64.6m (£57.9m) with operating margins improving from 6.8 per cent to 8.3 per cent.

Earnings per share were £1.49p (£0.97p). A final dividend of 5.5p is proposed with a special final of 0.5p making an unchanged gross total for the year of 11p.

It is proposing to change its name to AAF Industries.

Instem

Instem, the electronics, instrumentation and information systems group, achieved a 42 per cent increase in turnover to £15.8m over the year to December 31 1991, but saw pre-tax profit only marginally ahead to £1.01m, against £1m.

Earnings per share rose to 15.2p (14p) and an increased final of 3p (2.85p) is proposed, making a total of 4.2p (4.05p) for the year.

Hampden Homecare

Hampden Homecare, which operates Texas Homecare stores in Ireland, almost made a full recovery in 1991 after the setback of the previous year.

Pre-tax profit of this USM-quoted group surged from £506,000 to £1.5m on turnover of £26.1m (£22.7m). The previous year was hit by an extraordinary £1.5m provision thought necessary following refusal of planning permission for a new store.

Earnings per share rose to 6.37p (2p). The final dividend is

1.5p for a total of 2p (0.2p).

In Northern Ireland margins moved ahead significantly. With the exception of Ballymena, all stores increased sales and profits. The flagship Sprucefield store re-opened in October 1991, following a fire.

Mr Peter Goldstone is retiring as chairman and will be replaced by Mr Stratton Mills.

New Cavendish Ests

Increased rental income and continuing reduction in overhead costs led New Cavendish Estates to pre-tax profits of £161,700 for the half year ended December 31, compared with £5,000.

Net rental income came to £455,700 (£408,000) and finance and administration costs to £294,000 (£284,000). Earnings per share were 1.06p (0.04p).

Net borrowings have been cut from £1.14m at June 30 1991 to under £800,000.

Noro-Buckfield, the majority shareholder, intends to sell its 64.51 per cent stake.

Hardanger Props

Hardanger Properties, the Kidderminster-based retail property developer, is being placed in administration after the collapse of a rescue package.

The company announced yesterday that certain Hong Kong investors, who in December proposed refinancing its debts, have withdrawn. Substitute investors are not acceptable to Barclays, its main creditor.

The shares were suspended at 65p in April following delayed property sales and high borrowings. The depressed property market pre-

vented the company making necessary sales to reduce its interest charges.

Hardanger has about £80m in secured creditors, with Barclays owed more than £40m. Unsecured creditors are thought to total less than £10m.

Microfilm Repro

Microfilm Reprographics showed further progress in the half year to end-December, lifting pre-tax profit by 5.5 per cent, from £3.61m to £3.81m.

This was achieved on turnover marginally higher at £16.3m, compared with £16.1m. The group runs photographic and cinematographic processing laboratories.

Earnings per share came to 4.56p (4.33p) and the interim dividend is raised to 1.44p (1.2p).

Intereurope

Intereurope Technology Services, the technical documentation and support group, yesterday reported a marginal decline in interim profits.

The fall in the six months to end-December - from £642,000 to £541,000 - came on turnover of £5.41m (restated £5.38m). The interim dividend is maintained at 2p payable from earnings of 7.95p (8.1p).

Gresham Telecom

Pro forma accounts for the 13 months to October 31 1991 at Gresham Telecommunications showed pre-tax profit of £751,000 from turnover of £10.7m.

This is the first set of accounts since the April 1991

merger. They represented the combined figures of Gresham Telecommunications for 13 months and Gresham Computer Holdings and its subsidiaries for 12 months.

Earnings per share were 1.42p and dividends are resumed with a payment of 0.22p.

Restated figures for 1990 showed turnover of £2.1m, a pre-tax deficit of £257,000 and losses per share of 4.74p.

Crown Comms

Crown Communications, the commercial radio group, has agreed to sell 30 per cent of its stake in Independent Radio News to other leading commercial radio companies.

The deal will bring in about £600,000 for the hard-pressed Crown, which will keep a 10 per cent stake in IRN and a seat on the board.

Butte Mining

Butte Mining, the London-listed gold mining company, reported a £32,000 pre-tax profit for the six months to end-December against a £931,000 loss.

Turnover was £5.34m (£5.65m). The profit included £1.38m from the closure of some gold forward sales agreements and gold loans by the VAM subsidiary in Australia.

Minorities took £255,000 (nil) leaving losses of 0.1p a share (0.8p).

The company also announced it had hired Deutsch & Frey, a New York contingent fee law firm, to represent it in potential suits for damages in connection with its property in Butte, Montana, which is now shut down.

Burnfield £1.17m in the black

Burnfield lifted its profit by £550,000 in 1991, and following a big reduction in exceptional costs, turned the previous pre-tax loss of £3.8m into a profit of £1.17m.

The company comprises two businesses: Isopad makes electric surface heating systems, and Budeberg produces pressure gauges, calibration equipment and thermometers.

Turnover was £20.6m, against £15.3m for the previous 11 months. Exceptional costs fell to £795,000 (£4.61m) and covered the reorganisation and restructuring of Isopad in Germany and France.

Earnings were 4.8p (losses 24.8p) net of the exceptional item equal to 3.2p (losses 22.3p). The final dividend is 4.1p making 5.75p (5.5p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
AAF Investment	8p	July 3	6p	14p	11p
AAF National	10p	May 11	10.5p	20.5p	18.5p
Admiral	3.3p	May 5	2.8p	6.1p	4.8p
Burnfield	4.1p	Apr 24	3.8p	7.9p	5.5p
Cowie (T)	3.375p	Apr 9	2.5p	5.875p	3.7p
Expamet Int	8.2p	May 1	8.2p	16.4p	10.3p
Fluor	5.4p	July 1	4.8p	10.2p	7.5p
General Accident	17.05p	July 1	17.05p	34.1p	26.7p
Grahams Rintoul	0.25p	Apr 12	1.5p	1.75p	1.5p
Gresham Telecom	0.22p	May 8	nil	0.22p	nil
Hampden Homecare	1.59p	June 18	nil	1.59p	0.2p
Hays	1.5p	May 2	1.3p	2.8p	4p
Instem	4.2p	July 3	2.8p	7.0p	4.05p
Intereurope Tech	2p	Apr 30	2p	4p	7.4p
Microfilm Repro	1.44p	Apr 3	1.2p	2.64p	3.8p
Pacific Assets	1p	Mar 1	1.875p	2.875p	1.875p
Pifco	3.5p	Apr 27	3.5p	7.0p	7.75p
Serco	8p	Apr 23	7.5p	15.5p	12.1p
Tor Inv Trust	10p	-	9.5p	19.5p	39p

Dividends shown pence per share net except where otherwise stated. 10p capital increased by rights and/or acquisition issues. USM stock: *Scrip option. †Gross throughout; includes special 0.5p (1p) making total special of 1p (2p). ‡Includes special 1p.

This advertisement is issued in compliance with the regulations of the London Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the London Stock Exchange for the existing Ordinary Shares of, and the new Ordinary Shares to be issued by, Addison Consultancy Group PLC, to be admitted to the Official List. Dealings in the existing Ordinary Shares, fully paid, and in the new Ordinary Shares, nil paid, are expected to commence on 13 March 1992.

ADDISON CONSULTANCY GROUP PLC

(Registered and incorporated in England - No. 912624)

Introduction to the London Stock Exchange in connection with

the acquisition of the UK market research business of AGB Research PLC (in administration) and of certain of its subsidiaries (in administration) and

Rights Issue of up to 151,091,273 ordinary shares of 5p each underwritten by

Robert Fleming & Co. Limited

SHARE CAPITAL

After the Rights Issue

Authorised	Issued and fully paid
£	(up to) £
14,769,745	295,394,957
shares	in ordinary shares of 5p each
	10,912,148
	218,242,950

After the acquisition, Addison Consultancy Group PLC, formed by the merger of the UK market research businesses of AGB (referred to above) and Taylor Nelson Group Limited, a subsidiary of Addison, will provide market research services in the United Kingdom and internationally.

The listing particulars relating to Addison are available in the Companies Fich Service of Exel Financial Limited at Fitzroy House, 13-17 Epworth Street, London EC2A 4DL, from 4 March 1992 and copies may be obtained during normal office hours up to and including 18 March 1992, from:

Robert Fleming & Co. Limited
(Sponsors for the Introduction)
25 Copthall Avenue
London
EC2R 7DR

Peel, Hunt & Company Limited
37 Lombard Street
London
EC3N 9BQ

and at the registered office of the Company at 14-17 St. John's Square, London EC1M 4BE and, by collection until 6 March 1992, from the Company Announcements Office, the London Stock Exchange, Old Broad Street, London EC2N 1NP.



Wierdelvare N.V.

(Investment company with variable capital, incorporated in the Netherlands) Naamloos 23, 2514 JT The Hague.

In accordance with article 9, paragraph 2 of the Wet meting aandelen (Major Holdings Disclosure Act), Wierdelvare N.V. announces that it has received from its shareholders mentioned below the following information with regard to their capital interests and voting rights in Wierdelvare:

Capital interest and voting rights in %	Capital interest	of which indirect	of which potential	Right of voting	of which indirect	of which potential
AVCB Holding N.V. Goimceer 3, Naarden	5.05	5.05	-	5.05	5.05	-
Stichting Gemeenschappelijk Beker en Adm. Beroepsveren. Janssen-Arson Churchillstraat 11, Utrecht	9.96	-	-	9.96	-	-
Stichting Pensioenfonds voor de Gezondheids, Geestelijke en Maatschap- pelijke Belangen Kroostweg Noord 149, Zeist	20.91	-	-	20.91	-	-
Stichting Pensioenfonds Rabobank- organisatie Oudehoofd 170, Utrecht	9.34	-	-	9.34	-	-
Stichting Prefereentie en Prioritisat- iesluiten B Wereldhave p/a Van Ommenlaan 8, Wassenaar	10.41	-	-	10.41	-	-

UK COMPANY NEWS

Withdrawal of Imferon pulls Fisons down 17%

By Daniel Green

FISONS, the pharmaceutical and scientific instruments company, said yesterday that it could abandon its attempt to reinstate a drug banned by US regulatory authorities into the US market.

Imferon, an anaemia treatment, was taken off the US market in January 1991 because of production problems. Its absence contributed to a 17 per cent drop to £190.5m (£230.2m) in full-year pre-tax profits.

Mr Patrick Egan, chairman, said it would cost £25m to £30m to modernise Imferon production to meet standards set by the US Food and Drug Administration (FDA).

Fisons estimated that profits from US sales of the drug would have been £15m in 1991. The company said it was considering whether or not to make the requested improvements to its plant in Holmes Chapel, Cheshire.

This possibility could put

pressure on the FDA to moderate its demands. There is no effective alternative to Imferon in some therapies, said Fisons.

The absence from US and Japanese markets of Imferon and another drug banned by the FDA, hay fever treatment Opticrom, last year cost the company £65m in lost earnings and increased spending on production facilities.

"Last year was a difficult one for Fisons", said Mr Egan. The group, nevertheless, is increasing the dividend for the year to 8.7p (7.5p) with a final of 6.4p. Mr Egan said: "We are confident as we enter 1992 that most of our difficulties now lie behind us."

He confirmed that an inspection by the FDA of production facilities for both Opticrom and Imferon would probably be delayed until April, instead of March as previously expected. Turnover rose 5 per cent to £1.22bn (£1.16bn) thanks to a strong performance from

the scientific instruments division. Earnings per share fell to 20.8p (26.3p).

Capital spending, partly to comply with FDA rules, pushed capital employed for the year up to £86m (£81.4m). Return on capital employed fell from 37.3 per cent to 29.3 per cent, the lowest for more than three years.

Fisons signalled a change of management style giving sales figures for each of its best selling drugs for the first time. Asthma drug Intal, easily the best seller despite its 20 years on the market, turned over £170m at wholesale prices, 10 per cent higher than in 1990.

Its replacement, Tilade, brought in £20m, an improvement of 45 per cent on 1990. Tilade is still awaiting approval for the US market.

Rynacrom and Opticrom, both used for hay-fever, generated sales of £55m and £45m respectively.

See last

Redland gets green light for Steeley bid

By Andrew Taylor, Construction Correspondent

REDLAND has been given permission by Mr Peter Lilley, the trade secretary, to proceed with its contested £600m bid for Steeley, its rival UK building materials group.

Mr Lilley said that he had accepted undertakings by Redland that it would dispose of two brick plants in south-east England and Steeley's clay roof tile business if the bid succeeded.

The undertakings were sought because a takeover of Steeley would have left the merged group with 46 per cent of the national clay roof tile market and 35 per cent of brick production capacity in south-east England.

The brick plants at Cranleigh and Tilmanstone and clay tile plants at Keele and Knutton in Staffordshire must be sold within 18 months of the bid succeeding.

Steeley, which must publish its defence document within two days of Mr Lilley's clearance of Redland's offer, said that it would defend itself vigorously against a bid which substantially under-valued its business.

Mr David Donne, Steeley's chairman, said: "The undertakings they have been required to give undermines the commercial logic of their offer."

"They are going to have to sell our two most modern brickworks, the country's leading clay manufacturers and our best clay reserves. They will now have to work very hard to demonstrate where they are going to make the £30m of savings they have been saying they will achieve from buying Steeley."

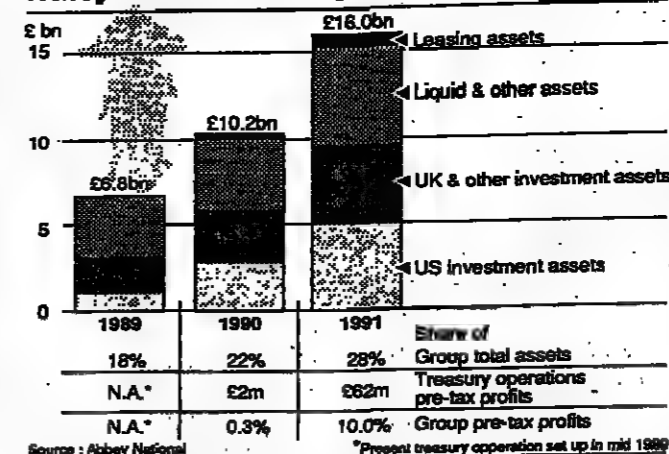
Redland said that the businesses it would be selling accounted for less than 5 per cent of Steeley's turnover and that it would achieve savings of £30m even after the undertakings.

Redland's share price yesterday fell 10p to 40p. The group is offering 48 of its shares for every 100 Steeley shares at 165.5m ordinary shares at £288.6m or 282 1/2 pence. This compared with Steeley's closing price of 380p last night.

Masking turbulence with treasury flair

David Barchard looks at Abbey National's bad debt problems

Abbey National treasury operations



I THINK we are over the worst in the housing market," said Mr Peter Birch, Abbey National chief executive, sitting in his Baker Street office surrounded by soothing if slightly predictable pictures of the great English medieval abbeys.

Blind pictures seemed a fitting backdrop for what were on the face of them soothing and predictable results at a time of market turbulence.

Abbey National's 1991 pre-tax profits landed almost exactly on target at £18.6m, 6.2 per cent above 1990 - and this despite a sharp increase in bad debt provisions, which soared from £55m a year ago to £155m.

The result makes Abbey the second most profitable UK bank after Lloyds, well ahead of Barclays, even though Abbey National's total assets of £57.4bn are less than half those of Barclays.

Other features of the results contained little to alarm the market. Losses at Cornerstone, Abbey National's estate agency operation, were down by £1m on 1990. The cost income ratio of 45.1 per cent was slightly up on last year, but still about 20 percentage points below those of most high street banks.

Instead of halting these results as a triumph, the market treated them with considerable caution. Abbey National's share price fell by 1p during the day and UBS Phillips & Drew, the City stockbrokers who know the company best,

downgraded their recommendation from hold to sell.

"If you take out the huge jump in profits from treasury operations, which went up from £2m in 1990 to £22m last year, then you are left with a much less sparkling performance by Abbey National's core retail banking business," said Mr John Wright, a UBS Phillips & Drew banking analyst.

The group's UK retail banking profits in fact went down by 4.5 per cent to £58.6m from £61.2m.

The fall is entirely due to bad debt problems. Abbey National's heartland is still London and the south-east, the areas which have been hit

hardest in the housing market recession. Without provisions, UK retail operations would have risen by 15 per cent to £77.2m.

This lacklustre performance may not seem very surprising given the state of the UK housing market. Profits are expected to be well down this year at other large south-eastern based mortgage lenders such as Alliance & Leicester and Woolwich Building Societies.

But some large lenders have fared relatively well. Yorkshire Building Society is expected to announce a 20 per cent increase in its pre-tax profits this year. National & Provincial, regarded for several years as one of the more troubled

lenders in the industry, last week posted a 68 per cent increase in its pre-tax profits for 1991.

The success of Abbey National's treasury operations reflects the fact that, like TSB, it is a bank sitting on a large chest of capital raised at the time of its flotation.

Abbey National has engaged in some cautious diversification, creating a network of subsidiaries in Spain, Italy, and France with the single European market in mind, and last year it bought Scottish Mutual Life Assurance and is using the Scottish company to set up its own life assurance subsidiary.

Mr Birch says that Abbey National does not want to risk wasting its capital on diversification which might go awry, like TSB's ill-fated purchase of Hill Samuel.

In fact one post-flotation initiative, the strong new Treasury team created since 1989 under Mr Gareth Jones, was responsible for over half the group's balance sheet growth and 10 per cent of this year's profits.

But Treasury operations are a volatile business where banks have to work hard to earn even small margins. Mr Jones's team is unlikely to be able to pull off the same feat two years running. Abbey National's retail operations are going to have to pedal hard in 1992 if the bank's soothing aura of success is to be maintained.

Recruitment decline hits Hays

By Andrew Bolger

HAYS, the business services group, said it could see no clear measurable sign of any improvement in the economy and forecast that recovery might be delayed until the beginning of next year.

Strong performances by the group's commercial and distribution divisions helped offset a plunge in profits from its personnel business, which specialises in accountancy staff.

Pre-tax profits dipped from £27.5m to £26.5m in the six months to December 31, although this was partly because of the ending of income from an interest-capping policy, which last year contributed £1.8m. Turnover was flat at £341m (£342m).

Stripping out the effects of the interest-capping policy, Hays said operating profit after normal interest payments had risen by nearly 5 per cent to £26.9m (£26.7m).

Operating profits at the personnel division fell from £6.7m to £2.5m, which Hays said reflected the depth of the recession and its particularly harsh impact on the recruitment

industry.

Mr Ronnie Frost, chairman and chief executive, said employee numbers in the division had been cut from 1,500 to 850 over the last two years and 18 offices had been "mothballed". However, there had been no further retrenchment in the half-year to December, and turnover levels now seemed to have stabilised.

The distribution division's operating profits rose by 15 per cent to £16.2m, aided by an increase in the volume of goods distributed for both Waitrose and Tesco.

Mr Frost said the recession had affected the performance of its wine and spirits distribution and home delivery services, but chemical distribution had traded well.

The commercial division's operating profits grew by 33 per cent, from £5.9m to £7.9m, although some £900,000 of that increase came from three recently acquired companies.

Earnings per share were unchanged at 4.7p, but the group said its strong balance sheet and cash flow enabled it

to maintain its policy of increasing dividends by 15 per cent, giving an interim of 1.5p (1.3p).

COMMENT

Mr Frost can reasonably claim that his "three-legged stool philosophy" is proving its worth, with the strength of the distribution and commercial businesses providing much needed support for the personnel side. The recruitment businesses provide the group's strongest claim to be a recovery play and Hays claims that swift cost-cutting means that 75 per cent of any new turnover will drop straight through to profits. The catch is that Mr Frost seems to have written off hopes of much recovery in 1992 and Hays shares have already outperformed the market by more than 40 per cent over the last year. Forecast full-year profits of about £55m put the shares on a multiple of over 16. That is not unreasonable for a company with Hays' track record, but buyers at this level should be willing to wait for long-term growth.

Expamet falls 43% to £7.3m

By Richard Gourlay

EXPAMET International, the building products and security group, yesterday reported a 43 per cent fall in profits as most of its divisions continued to be hit by recession.

Pre-tax profits for 1991 fell from £12.8m to £7.3m on sales 11 per cent lower at £141m.

Earnings per share fell from 19.82p, adjusting for the 1990 rights issue, to 9.06p, but the group nevertheless maintained its final dividend at 4.2p and the total for the year at 10.26p.

Debt was cut from £17.3m at the interim stage to £10m, or gearing of 45 per cent, a level that Mr Alex Orr, managing director, described as comfortable.

This was achieved by an increase in profitability, following a difficult first quarter and a sharp reduction in working capital in Europe.

The group continued to suffer from the delayed launch of five security products from its 1988 acquisition, Radionics of the US. The radio product - with the most promising market in the US - is now due for launch in late March.

A breakdown of operating profits after exceptional items showed that the security division nearly halved to £3.9m on lower sales after disposals, a reduction in gross margins and increased R&D expenditure.

The building division was static at £5.1m after an improvement in the ducting business in the Netherlands and Belgium.

The industrial sector's profits fell by more than half to £1.5m, partly because of costs of halving the workforce at the old expanded metal business.

Ex-Greencore chief criticised

By Tim Coone in Dublin

TWO HIGH Court-appointed inspectors investigating a share dealing controversy within Greencore, the Irish sugar and foods group, have come to the conclusion that Mr Chris Comerford, its former managing director, "is an unfit person to be a director of a company in the State".

The inspectors were appointed last September, two weeks after Mr Comerford was forced by the board to resign from his £135,000 (£135,000) per year position. This was triggered by a controversial 1990 buy-out of a subsidiary, Sugar Distributors, shortly before Irish Sugar was privatised.

Mr Comerford was considered to have a conflict of interest which he had failed to disclose, but he was offered a £1.5m severance package which was later frozen.

The inspectors' report, published in Dublin yesterday and running to almost 300 pages, concluded that Mr Comerford "corruptly accepted monies... may have committed a criminal offence, namely forgery... and in his capacity as managing director of Irish Sugar, Mr Comerford deceived the company, being his employer, the board of directors and in particular Mr Cahill (the chairman), from some time in or around mid-summer 1988 until the privatisation of Irish Sugar."

Mr Comerford said yesterday that he intended fighting the affair through the courts and claimed that he had been made a scapegoat by Greencore's board.

Surprisingly, the inspectors concluded that neither Mr Comerford nor any of his family "ever had a beneficial interest in a company called Talmico which was involved in the Sugar Distributors buy-out. This directly contradicts the conclusions of another inquiry into the affair commissioned by the industry Minister.

time in or around mid-summer 1988 until the privatisation of Irish Sugar."

Mr Comerford said yesterday that he intended fighting the affair through the courts and claimed that he had been made a scapegoat by Greencore's board.

Surprisingly, the inspectors concluded that neither Mr Comerford nor any of his family "ever had a beneficial interest in a company called Talmico which was involved in the Sugar Distributors buy-out. This directly contradicts the conclusions of another inquiry into the affair commissioned by the industry Minister.

Recession blamed for fall at Rank Xerox to £239m

By Michio Nakamoto

RANK XEROX, the document products company, announced a 12 per cent decline in operating profits from £452m to £398m in the year to October 31. The group, jointly owned by Xerox of the US and the Rank Organisation, said that if the effects of the sale of its businesses in the Pacific region were excluded, the decline was 3 per cent.

Rank Xerox sold its businesses in Australia, New Zealand, Malaysia and Singapore to Fuji Xerox in the last financial year.

Pre-tax profits, after taking

account of charges made by Xerox Corporation for R&D and other costs, as agreed between Xerox and Rank Corporation, were £239.8m (£234.5m).

Mr Bernard Fournier, managing director, said that "to achieve this is, in our industry, is an excellent result".

Rank Xerox increased its share of the market by 1.5 percentage points to 30 per cent in revenue terms. The group said that the recession was the main factor behind the profit decline. Turnover was down from £2.68m to £2.51m.

Polly Peck creditors to meet with administrators next week

By David Barchard

Creditors of Polly Peck International, the collapsed fruit, electronics, and leisure group, are to meet the company's administrators on Thursday next week for an informal discussion about how different categories of creditor should be paid.

No shareholders are being invited to the meeting and only creditors who have claims of more than £10,000 may attend. There are thought to be about 800 of these.

Mr Michael Jordan of Cork Gully, one of the group's three administrators, is expected to explain that the administrators have had to take legal advice about whether £400m raised at the time of the rights issue early in 1990 for the purchase of Sanairi, the Japanese consumer electronics group, was

outed through PFI Holdings, a holding company in the Dutch Antilles.

"The implications of which company the funds were routed through are quite considerable for creditors," the administrators said yesterday.

He declined to comment on how much of a pay-off creditors can expect to receive, but it appears that any payment for creditors owed less than £10,000 will probably be very small.

He said that Polly Peck creditors "might have to take their own decisions" as a result of the information that will be provided.

A decision on which course of action should be taken may emerge from the next Polly Peck creditors' meeting, due on March 31.



General Accident

Dividend unchanged after difficult year

1991 RESULTS		
	Year to 31.12.91 unaudited £m	Year to 31.12.90 audited £m
General Premiums	3,219.0	3,045.8
General Underwriting Loss	(569.1)	(461.7)
Loss before Taxation	(171.6)	(121.3)
Loss attributable to Shareholders	(139.4)	(93.2)
Earnings per Share	(32.1p)	(21.7p)
Dividend per Share	26.75p	26.75p
Net Assets per Share	316p	330p

- UK results suffered from recession and crime related losses but all major classes of business reported reduced losses in the fourth quarter.
- There were strong performances in many overseas territories, including Canada, the Pacific and Europe.
- Further good progress was made in Life business.
- Net investment income rose by 10.5%.
- Group is well placed to take advantage of any economic upturn.

Subject to approval at the AGM on 29th April 1992, a final dividend for 1991 of 12.05p per share (1990: 12.05p) will be paid on 1st July 1992 to shareholders registered on 8th May 1992. The total dividend for 1991 of 26.75p per share (1990: 26.75p) will cost £116.4m (1990: £115.8m). As on past occasions the directors propose to offer a scrip alternative to cash.

This announcement does not constitute the audited group accounts for 1991. Copies of the statutory group accounts, which have not yet been reported on by the auditors, will be circulated to shareholders on 6th April 1992. The statutory group accounts for 1990 have been audited without qualification and filed with the Registrar of Companies.

Details of a new Corporate PEP facility and share dealing service will be sent to shareholders along with the 1991 Report & Accounts on 6th April 1992. Shareholders wishing to invest in the PEP in the current tax year may obtain a brochure from the Company Secretary at the underlined address.

General Accident plc

General Accident plc, World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH.

Mortgage Funding Corporation No.5 PLC
(Incorporated in England and Wales with limited liability under registered number 2070671)

Class A Multi-Class Mortgage Backed Floating Rate Notes due November, 2035

Class A-1 £110,000,000 Class A-3 £17,500,000

Class A-2 £ 80,000,000 Mezzanine Notes £18,500,000

For the interest period 28th February, 1992 to 29th May, 1992 the Class A-1 Notes will bear interest at 10 1/8% per annum. Interest payable on 29th May, 1992 will amount to £2,672.81 per £100,000 Note. The Class A-2 Notes will bear interest at 10 1/8% per annum. Interest payable on 29th May, 1992 will amount to £2,716.33 per £100,000 Note. The Class A-3 Notes will bear interest at 11.475% per annum. Interest payable on 29th May, 1992 will amount to £2,753.62 per £100,000 Note. The Mezzanine Notes will bear interest at 11.475% per annum. Interest payable on 29th May, 1992 will amount to £2,853.07 per £100,000 Note.

Bankers Trust Company, London **Agent Bank**

NOTICE TO HOLDERS OF WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF

Daiichi Chuo Kisen Kaisha

Issued in conjunction with U.S.\$110,000,000 4 1/2% per cent. Guaranteed Bonds 1994

Notice is hereby given that upon the Board resolution of the Company made on 25th February, 1992 for the sub-division of the Shares at the rate of 1.07 to the outstanding Shares, the Subscription Price for the above captioned Warrants, pursuant to clause 3.(1) of the instrument, shall be adjusted as follows:

1. Subscription Price before Adjustment: ¥508.00
2. Subscription Price after Adjustment: ¥474.80
3. Effective date of Adjustment: 1st April, 1992 (Japan time)

Daiichi Chuo Kisen Kaisha
By: The Sumitomo Bank, Limited
as Principal Paying Agent

4th March, 1992

European finance and investment: Portugal

Wednesday March 4 1992

In 1991, after five years of spectacular growth, the economy slowed down markedly. This was seen as an uncomfortable reminder that the country remains vulnerable to changes in the international environment, writes Patrick Blum

Braced for a period of turbulence

IT HAS been an eventful year for Portugal. The big event was last October's general election, which gave the ruling Social Democrats, led by prime minister Aníbal Cavaco Silva, their second consecutive absolute majority, and ensured that the country would have another four years of political stability.

But now that the sounds of cheering have faded and promises of the political campaign have been forgotten, Portugal is having to confront gloomier prospects as the pressures of European Community integration mount.

After five years of spectacular growth, the economy slowed down markedly in 1991 - an uncomfortable reminder that Portugal remains highly vulnerable to changes in the international environment.

Investment slackened, growing 8.3 per cent in real terms - less than half the previous year's rate - and exports stagnated with a further deterioration in the visible trade balance.

At the same time, the crisis experienced by traditional sectors in the economy, especially textiles and agriculture, has deepened. A painful restructuring is inevitable in both sectors, and more growth and investment will be needed to provide new jobs.

While an annual growth rate of 2.7 per cent - down from an average rate of 4.5 per cent in the previous five years - was by no means negligible, and still above the EC average, it

was not enough to push real economic convergence with the Community's richer nations significantly forward.

Similarly, inflation declined from 13.4 per cent in 1990 to 11.4 per cent last year, but that still left Portugal with an inflation rate more than twice the EC average.

All of which points to the difficulties ahead for Portugal, in this second more exacting phase of its European integration.

At the new reality sinks in, public expectations are adjusting abruptly. In the public sector, discontent has erupted into strikes and demonstrations against government attempts to keep wage rises at levels compatible with its 8 per cent inflation target for this year. After some hesitation, the government agreed to a basic 10 per cent pay deal for public administration employees. This will mean an overall increase in the public sector wage bill of around 14 per cent.

Employers in the private sector will find it difficult to offer anything less, and this will increase pressure on wages.

Increases in value added tax and a 28 per cent rise in government current expenditure, announced in this year's budget, will also have an effect on inflation. Economists calculate that the VAT increases alone will add between 1 and 1.5 percentage points to inflation this year, and, most analysts believe inflation is more likely

to be 9 to 9.5 per cent.

This presents the government with its biggest challenge: how to bring inflation down, and maintain a high growth rate, at a time when its main trading partners are in recession.

It will not be easy. "If developments in the outside world continue to be negative, it will be impossible to maintain growth," says Jose Alberto Tavares Moreira, governor of the central bank.

Yet success or failure on both fronts will determine whether Portugal achieves its ambition to be among the first countries to participate fully in, and to enjoy, the benefits of European economic and monetary union (EMU) in the second half of the 1990s.

Well before that, the escudo will have to be brought into the exchange rate mechanism of the European monetary system, though this will prove difficult as long as inflation remains high. The Organisation for Economic Co-operation and Development, in its latest report on Portugal, suggests that such a move could help to bring down inflation and curb the country's economic imbalance, but the timing and manner of entry will be a nerve-racking and politically sensitive choice for the government.

An early entry into the ERM would lock in the escudo at a level close to or above its present high value - which would not be welcomed by exporters,



Lisbon: Portugal is advised to tread carefully as it prepares to cross the bridge into economic and monetary union

who complain that they are suffering already from high interest rates. To delay for too long would undermine the government's convergence strategy, while a devaluation, either before or simultaneous with ERM entry, would have inflationary consequences, run counter to official commitment to exchange-rate stability, and be politically embarrassing.

Convergence also requires greater budget discipline, and the government aims to reduce its deficit gradually over the next four years, to bring it into line with the Community average set for the final phase of economic union.

The 1992 budget aims to cut the deficit from 6.3 per cent of gross domestic product to 5.2 per cent. This will be achieved mainly through higher revenues, made easier by tax reform and improvements in tax collection. A new state-of-

the-art computerised and centralised tax-collection system makes tax avoidance much more difficult, and will increase revenues "at the press of a button", according to a senior tax consultant.

Critics would like the government to cut back more energetically on its own expenditures, rather than rely primarily on monetary measures to control inflation - which shifts the burden of good housekeeping on to the central bank and the private sector.

Interest rates have been kept high in order to reduce internal demand, but with limited results. Private consumption has remained buoyant, while industrialists say the policy penalises them in the face of foreign competitors who can raise money more cheaply outside Portugal. Mr Tavares Moreira says the central bank does not want to tighten monetary

policy any further.

Officials say the government cannot reduce expenditures when it has to meet co-financing commitments for EC-backed development projects, and when it must make a huge effort to improve education and welfare.

EC funds have played a crucial role in helping to modernise Portugal's economy and infrastructure. Between 1988 and 1990, Portugal received about Es550bn (\$3.9bn) in EC funds, representing 6 per cent of total investment.

The amount of EC aid available to Portugal is likely to rise substantially when the Community's next financial package of funds and budget are agreed later this year, including additional resources from the new "cohesion fund" for poorer EC members. Portugal has won agreement in principle for a reduction in the pro-

portion of government co-financing for EC projects, but it will still face heavy demands on its own resources.

Interest rates have begun to fall, though, at about 19 per cent for prime customers and above 26 per cent for general credit, they remain high by international standards.

"Everything is cheap in Portugal except money," complained the recent headline of a popular daily newspaper.

Some banks have started for the first time to publish prime lending rates for their best clients, thereby helping to make the market more transparent, but rates are likely to remain on the high side for the foreseeable future.

The main beneficiaries have been the banks, though they are likely to feel the pinch as nominal rates decline - leading to a contraction in financial margins - and as opera-

IN THIS SURVEY

■ Inflation is a pressing problem for the economy as EC pressure increases
■ Caution is needed as Portugal prepares for presidency of the EC
■ Legislative barriers in the financial system eased
Page 2

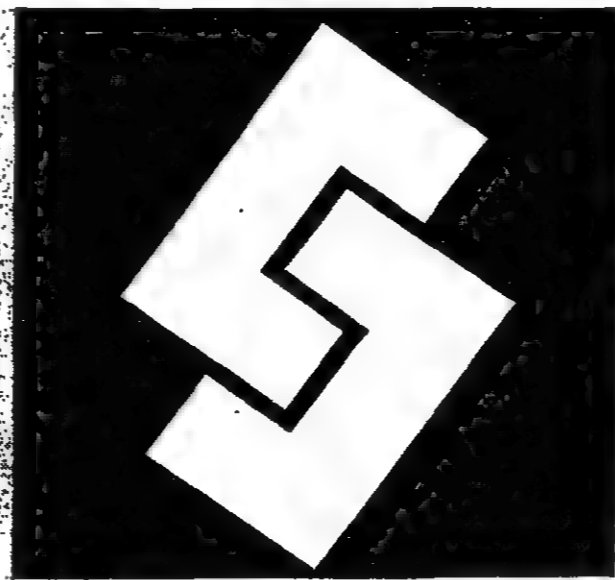
■ Spectacular growth in the banking sector
■ Stock market in the doldrums
Page 3

■ Foreign investment has revitalised the port of Setúbal
■ Insurance sector grows fast in a decade of change
■ An ambitious programme of economic liberalisation and privatisation
Page 4

■ Madeira's challenge to established financial centres shows results as the Azores sets up a new free trade area
Page 5

Editorial production: Roy Terry

FULL EXPERIENCE AHEAD



Like the Portuguese navigators that pioneered the Discoveries, we were the first to gather skills of a merchant banking service fully prepared to operate on the international markets.

Today, profiting from an experience of several years, we lead through a comprehensive knowledge of the market framework and its players and tailor-made solutions based on creativeness and in-depth risk analysis.

We offer our full knowledge and experience in Capital markets transactions, Mergers and Acquisitions, Venture Capital, Leasing, Project finance or Financial consultancy.

CISF, We know how the wind blows



COMPANHIA DE INVESTIMENTOS E SERVIÇOS FINANCEIROS, S.A.
GROUP BANCO COMERCIAL PORTUGUÊS

Campo Grande, 28-11º • 1700 LISBOA • PORTUGAL Phone (351-1) 797 56 15 • Fax (351-1) 797 46 14 • Telcx (0404) 62584

European Finance and Investment: **Portugal 2**

Inflation is a pressing problem for the economy, says Andrew Jack

Back from the honeymoon

ANYONE WHO uses a taxi in Lisbon instantly confronts one of the most pressing problems of the Portuguese economy. Prices are rising so quickly that the meters cannot keep track, and all the taxis have to carry a chart to show the latest 9 per cent fare increase.

The continued high rate of inflation, combined with a recent slow-down in the growth of the economy, remain among the chief challenges facing the country. If Portugal's economic honeymoon since joining the European Community in 1986 is not yet over, then it has certainly run into its first significant lovers' tiff.

The economic record during the first few years after accession to the EC looked extremely impressive. Fueled by investment and export growth, national output grew during 1988-90 at an average of 4.6 per cent a year, compared with 3.1 per cent across the EC.

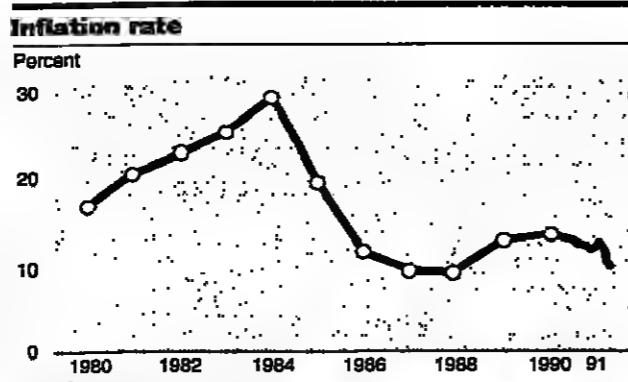
As new jobs were created, unemployment halved over the period, to 4.2 per cent, or just a fraction of the figure in many of its neighbouring states. Meanwhile, the budget deficit also fell sharply.

But now conditions have changed. Growth has slowed to an estimated 2.7 per cent for 1991, and the residual problems of a continued high deficit and inflation - estimated at 11.4 per cent last year - have dampened the original optimism.

Many economists believe further progress to improve the state of the economy will prove increasingly difficult. Miguel Namorado Rosa, a senior economist with Banco Comercial Portugues, says he believes prospects for the corporate sector are now much gloomier than they appeared last autumn.

The economy, which is extremely open, has moved from one in counter-cycle to the rest of Europe to one closely linked to it. As a result, recession elsewhere on the continent has inevitably contributed to the current slow-down.

"We saw some signs of deceleration which were acceptable after the rapid pace of growth over six consecutive years," he says. "But what we did not realise then was the extent of the cooling of the economy; 1991 was clearly a climax of



political and economic goals." His most recent projections suggest that growth will continue to slow to 2.2 per cent in 1992, and increase only marginally to 2.3 per cent next year. That compares with more optimistic estimates in the government's current plans of 3 per cent this year and 4 per cent in 1993.

The continued appreciation of the escudo, fuelled in part by high interest rates, has had a detrimental effect on the economy by reducing the competitiveness of Portuguese exports, argues Mr Namorado Rosa.

The strong growth of tourism has compensated in part for the decline in the export of products. He questions how much longer this trend can last as the recession lifts across Europe, the civil war ends in Yugoslavia and other parts of eastern Europe begin to develop as holiday destinations.

Traditional exports such as textiles, footwear and clothing do not generally use imported raw materials - whose cost to producers has fallen as the exchange rate has risen.

However, the price of Portuguese goods abroad has increased because of the strong escudo. Combined with recession in many key markets, demand has slumped. At the same time, these key sectors are labour-intensive, and so they have been severely affected by high wage demands spurred by continued inflation.

The high cost of capital has also had a depressing effect on investment. Very tight monetary policies have been introduced to control inflation. But



Alfredo de Sousa: disappointed with the 1992 budget

that has sustained interest rates above 20 per cent and discouraged businesses from taking out loans. However, high interest rates have attracted capital inflows which are undermining the central bank's monetary policies by keeping liquidity levels high.

Inflation remains a key concern, but one that he believes may be difficult to reduce much further. He estimates that it will fall to 9.5 per cent in 1992 and 8 per cent next year. "As we approach 8 to 9 per cent inflation, further progress may prove very difficult," says Mr Namorado Rosa. "Perhaps this is a structural level of minimum inflation the economy is beginning to accept."

His pessimism is shared by Professor Alfredo de Sousa, a respected independent commentator on economic affairs. Prof de Sousa says he is disappointed with the government's

1992 budget, which was debated in parliament last month.

While the budget deficit is likely to fall from 6.3 per cent in 1991 to a planned 5.2 per cent this year, the reduction is being fuelled by greater tax revenues, reflecting changes in VAT rates and greater efficiency in collection. Together these should help to increase direct tax revenues by 22.1 per cent and indirect taxes by 27.5 per cent.

Nevertheless, government expenditure is also rising sharply for a wide range of functions, including a public works programme. New money will be required for a substantial public-sector wage settlement. A proposal for a 10 per cent rise is likely to be translated in a real increase of nearer 14 per cent, with considerable inflationary implications.

Prof de Sousa argues that the Banco de Portugal, the central bank, has tried to compensate for government policy, keeping up interest rates because the state has failed to control spending sufficiently. "Lighter monetary policy to help investment, and a tougher budget would be better," he says.

"The rigour in the budget is not so much for the state as for the taxpayers: they will have to pay for it. Austerity is being transferred from the government to the taxpayer and the bank."

"It would be politically unpopular to restrain salaries. The government doesn't want to lose votes in forthcoming local elections or risk social unrest, particularly while it holds the EC presidency," he says.

The challenge falls particularly on Jorge Braga de Macedo, the recently-appointed finance minister, who is already raising eyebrows with his outspoken manner.

Professor de Sousa believes that the economy could continue to grow at 3 to 4 per cent over the next two years, but only if it is accompanied by what he calls "a rational budget policy". He says the budget is rational in political, not economic, terms. "The current policy is unsustainable," he says.

Portugal is currently a little EC-mad, says Andrew Jack

Presidential caution is needed

THE OFFICE of Mr Sarsfield Cabral, director of the European Commission in Lisbon, commands fine views over the city from the top floor of a modern building. Its presence is an apt symbol of Portugal's widening circle of influence.

The country may be one of the most recent and remote members of the European Community, admitted in 1986. But its enthusiasm for the institution - now given an extra boost by its first presidency - is clearly evident.

It does not take a long walk across Lisbon before a flag, or a poster of the blue and gold flag of the EC, comes into view. The newspapers have devoted regular, substantial sections on news related to the presidential period. Portugal is currently a little EC-mad.

Mr Cabral, himself an unashamed propagandist for the EC, concedes that perhaps it has all gone a little too far. "This kind of euphoria has brought some problems," he says, singling out the inflation which has accompanied the rapid economic growth since the mid-1980s.

Other senior government officials admit that, while it is an honour, the timing of their presidency could hardly have been more difficult.

Joao de Deus Pinheiro, the foreign minister, will have to tread carefully during the Portuguese EC presidency, while a number of important issues are considered. Substantial efforts are needed to complete the formation of the single European market by the end of the year.

Delicate negotiations will be needed to reform the Common Agricultural Policy and to agree on a new package of EC structural funding and budget measures.

In addition, foreign affairs are likely to continue to take

up considerable time, including the situation in Yugoslavia, the Commonwealth of Independent States, and Algeria. Portugal itself, given its colonial past, may also try to push more Third World issues on to the agenda, according to Mr Cabral.

He says there has been tremendous change in Portugal since it joined the EC in 1986, and that perceptions of the Community have become much more positive.

"The first five years was a success," he says. "Portugal has changed completely, and the economy has prospered. The mentality of the people has changed from fatalistic to more optimistic and confident as the standard of living has improved."

He cites the example of supermarkets, which he says have been transformed from drab stores offering few, poor-quality goods not much better than those in eastern Europe, into modern outlets stocked with a wide range of quality and cosmopolitan goods.

Mr Cabral suggests that many factors fostered support for EC membership, including the contact the people had with relatives who had emigrated, particularly to France, and were enjoying greater prosperity there.

Equally, he says, joining the EC was seen as a way to fortify the country's fragile democracy against both communism and the prospect of right-wing dictatorship.

It has required a fundamental shift for a country which is geographically on the margins of Europe, and had historically focused outwards across the Atlantic, with its back deliberately turned away from Spain.

EC membership has brought a sense of integration with the rest of Europe. It has also brought some very direct



Joao de Deus Pinheiro: needs to tread carefully

financial rewards: transfers to date from EC funds total about Es550bn (\$3.9bn). Another Es900bn is planned up until 1993.

That has helped to fund large-scale infrastructure projects, and fuelled rapid economic growth. Officials also defensively suggest that any frauds which have taken place are minor compared with those recorded in other member states.

Mr Cabral says the country is well advanced on implementing many EC directives, ignoring those for which it has negotiated delays, such as capital movements. It has taken steps in the current budget to move towards harmonisation of VAT, for instance.

But now the sacrifices are beginning to bite. An economic convergence plan, submitted late last year, commits Portugal to a series of tough measures to bring the economy more in line with the rest of its EC partners. It aims to reduce inflation and gradually cut the public-sector deficit through lower spending and reduced

interest rates. Many industries nationalised in 1974 are now being privatised, and most commentators expect the process to lead to redundancies. The agricultural sector is still heavily subsidised, with a large number of uneconomic and inefficient farms. Economic openness is also likely to increasingly effect some of the country's traditional industries such as textiles. Many may not survive foreign competition.

An important issue is the timing of membership of the exchange rate mechanism. It could happen this year, and some commentators have even suggested that, for political reasons, it might be announced during the presidency. To do so would bring the escudo in line with inflation remains much higher than the EC average. In any event, it will bring greater discipline to the management of the economy.

A recent OECD report on the Portuguese economy suggested that unemployment is now below sustainable levels; while growth would be impossible to sustain without more effective control of inflation and liquidity, a reduction in the size of government spending, and a freer reign on exchange rates.

Jose Alberto Tavares Moreira, governor of the Bank of Portugal, is critical of this report. He says a free exchange rate could jeopardise the restructuring of the economy. But he accepts that government expenditure must fall as part of a tough series of measures to improve the shape of the economy.

The transition towards greater economic integration with the rest of the EC will not come without considerable further trauma. "So far we have only had the benefits," says Mr Cabral. "Now we must pay the bills."

Reforms in the financial system examined by Peter Wise

Legislative barriers eased

THE FINANCIAL system will take one of its final strides towards liberalisation next January 1, when European Community banks become free to operate in Portugal without special authorisation.

In preparation for the opening up of the sector, central bank authorities have been steadily exposing banks to stronger competition and a freer operating environment.

"The first big move in this direction was made in late 1990, when the Bank of Portugal adopted new statutes that substantially increased its autonomy. In particular, the relationship between the Bank and the treasury was clarified. The central bank was prohibited from lending directly to the government, ending the common practice of monetarising the budget deficit."

In January 1991, credit ceilings were abolished. These effectively created huge pools of liquidity for which the only outlet was to lend to the government at below-market rates.

"These two measures were particularly important, because they cut off the direct pipeline that linked the banking system to public debt," says Antonio Mexia, a director with financial services and investment company Espirito Santo Sociedade de Investimentos (ESSI).

A provision for the central bank to make loans to the government, up to a maximum of 10 per cent of budget expenditure, remains, in the shape of an interest-free current account. But the government has drafted legislation to abolish the account this year, separating government and central bank finances.

As a result of recent reforms, the central bank has grown more independent, sharing responsibility for monetary and exchange-rate policy with the government, rather than simply implementing government decisions as previously. The Bank no longer needs government authorisation for interventions in money or foreign-exchange markets.

This new-found independence clearly emerges from a public statement of Jose Alberto Tavares Moreira, governor of the Bank of Portugal, and other officials, which today can be seriously at odds with government thinking.

"Our greater outspokenness is a natural consequence of our increased responsibility for monetary policy," says Mr Antonio Borges, deputy governor of the Bank. "We are very much aware that whatever we say now carries a much greater weight in terms of inflation expectations. We have to maintain a strong credibility, and that requires our being as objective as possible in our assessment of the economic situation, independently of the political debate."

A further substantial reform towards the modernisation of the Portuguese financial system and its harmonisation with EC regulations is due to

be enacted this year, following the publication of a policy document based on studies of the working of the system. The legislation clarifies the role of the Bank of Portugal, limiting its intervention to the area of prudential supervision but giving it more power to act.

"Previously, we were in the difficult position of monitoring situations, and in some cases seeing banks come close to bankruptcy, without our being able to intervene," says Mr Borges. "Under the new legislation we will have the power to act immediately, if necessary going to the extremes of replacing a bank's management or liquidating the company."

Implementation of the policy document this year will also change the way banks are run. Beyond the central bank's power of prudential supervision, banks will be free to operate in a more liberalised environment. The new legislation

establishes the principle of universal banking, formally abolishing the traditional divide between commercial and investment banking.

Some analysts believe the advent of universal banking could tempt some managers to try to be everything at the same time. "The danger is some banks may think they can do anything, anywhere without any segmentation," says Jose Resende, managing director of fund managers Gestifundo. "The critical elements will be an understanding of the various levels of the market and the need to produce a flexible response to different types of customer. The need for segmentation will be more important."

The new legislation will greatly reduce restrictions on the activities banks can undertake. But a separation will be maintained between banking and other financial activities

such as factoring and leasing. Banks will not be able to run such operations directly, but they will be permitted to create subsidiaries, of which they can own 100 per cent, to do so.

"Essentially, these operations can be carried out by the same entity and the same management, as long as there is a total separation of accounting so that we can conduct our prudential supervision in a more transparent way," says Mr Borges.

The central bank will also introduce a deposit insurance scheme in line with EC recommendations, requiring much less intervention from the Bank of Portugal to guarantee deposits, should a bank run into trouble.

But the influx of foreign banks is not expected to be overwhelming. In any case, they are expected to focus on wholesale and business banking.

**1992-
our key pieces
are slotting
into place.**

As a Portuguese oriented multinational we're ideally placed to take advantage of the opportunities presented by 1992 and of the anticipated growth in the Portuguese economy.

Our focus is clear.

To provide Portuguese investors and corporates with management expertise and business connections across Europe and around the world.

And to provide institutions worldwide with an entrée into Portugal.

In every country in which we operate we provide an appropriate range of financial services and a passport to a co-ordinated international network.

The next move is yours.

For further information contact Lisbon (010 351 1 3963601) or London (044 71 600 2620).



Espirito Santo Financial Holding S.A.

PORTUGAL • UNITED KINGDOM • BELGIUM • FRANCE • LUXEMBOURG • SPAIN • SWITZERLAND • USA • BRAZIL

This announcement appears in a matter of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Portuguese Escudos 16,900,000,000

11.5% Bonds Due 28th February 1997

Issue Price 100.75%

FINANTIA - Sociedade de Investimentos, S.A.

BPI-Banco Português de Investimento, S.A. **Deutsche Bank de Investimento, S.A.**

ARN AMRO Bank N.V. (Portugal) **Banco Bilbao Vizcaya (Portugal), S.A.**

Banco Comercial Português, S.A. **Banco de Fomento e Exterior, S.A.**

Banco Espanol de Investimento, S.A. **Banco Pinto & Sotto Mayor, S.A.**

Banco Totta & Atores, S.A. **EFISA - Engenharia Financeira, S.A.**

Swiss Bank Corporation

Banca Commerciale Italiana **Bankers Trust International**

Bayerische Vereinsbank Aktiengesellschaft **Credito Italiano**

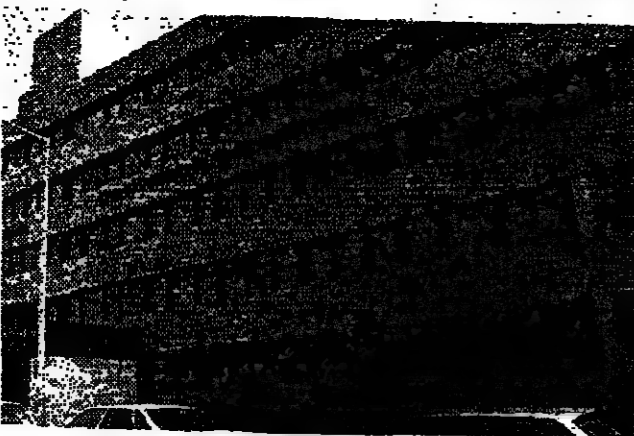
Paribas Bank **IBJ International Limited**

IMI Bank, SA Luxembourggoise **J.P. Morgan Securities Ltd**

Samuel Montagu & Co. Limited **Paribas Capital Markets Group**

Swiss Cantobank Securities Limited

February 1992.

European Finance and Investment: **Portugal 3**

Banco Portugues de Investimento headquarters in Oporto



Patrick Blum on expansion in the banking sector

Patrick Blum on expansion in the banking sector

Spectacular growth

PORTUGUESE banks enjoyed explosive growth during 1991. Networks expanded spectacularly; institutions diversified, and considerably increased the range of products and services they offer; and the traditional division of labour between commercial and investment banks, which was eroded as players battled for market share.

Expansion was fuelled by a 23 per cent increase in corporate and personal credit, in spite of high interest rates. Prime corporate customers now pay about 19 per cent for funds, while the rate for consumer credit can be above 26 per cent.

Economic growth slackened, but as 2.7 per cent remained sufficiently sturdy to encourage demand; and with real wages rising by almost 5 per cent, private consumption was buoyant.

All this provided a propitious setting for financial institutions rushing to complete their expansion plans before January 1993, when they will face open competition within the European Community's single market in financial services.

The most dramatic growth was at Banco Comercial Portugues (BCP), one of Portugal's leading commercial banks, which last year opened 111 branches, bringing its total network to 342 branches. Jorge Jardim Gonçalves, BCP president, says 1991 was "the year of greatest effort since the foundation of the bank" six years ago.

BCP took on an extra 1,000 employees (it now has more than 3,000), all of whom required specialised training; expanded the activities of the group in fund management, leasing, brokerage and insurance; and spent another \$65bn (\$32m) on computer systems.

Mr Jardim Gonçalves says this was achieved without affecting the bank's performance. Total assets grew by over 50 per cent to \$1,205bn, and net profits by 33 per cent to \$183bn. Credit extended to clients was up 75 per cent to \$515bn, and customer deposits grew 58 per cent to \$533bn.

Taking a different route, Banco Portugues de Investimento (BPI), the leading private investment bank, pursued its own expansion plans by buying Banco Fonsecas & Burnay (BFB), a medium-size commercial bank that was privatised last summer.



Alexandre Vaz Pinto: tougher more difficult conditions

The purchase of BFB and its 115 branches gives BPI, with headquarters in Oporto and an office in Lisbon, immediate access to a wide section of the market. Artur Santos Silva, BPI president, says the assimilation of the bank into the group is proceeding smoothly, and that this year's targets for strengthening BFB's provisions to cover bad debts and replenish its under-funded pension fund have already been passed.

"We are very pleased with what we've achieved so far. A new strategy for BFB has been prepared, and we will open another 25 branches," he says, adding that BFB will be a retail, not a universal, bank, and that it will target middle segments of the private market and small and medium-sized companies.

The effect of the purchase on the BPI group's consolidated balance sheet, is noticeable already. Total assets rose from \$1,711bn in 1990 to \$2,975bn at end-1991; though, even without BFB, group assets doubled to \$2,305bn. Net profits rose from \$28.5bn in 1990 to \$59.3bn, though the 1990 figure was inflated by extraordinary income from the sale of an 11 per cent stake in another bank.

In direct competition with BCP, the Banco de Comercio e Industria (BCI), a private bank with a leading position in corporate trade financing, expanded organically into the retail sector by more than doubling the number of its branches from 35 to 84 with a total investment of \$21bn. The bank's physical expansion was supported by a punchy advertising campaign, pointedly aimed at customers of the more conservative state-owned banks.

Francisco Veloso, BCI president

dent, says results exceeded the bank's expectations. The number of non-corporate clients almost quadrupled, and in the last six months the value of private deposits more than doubled. "It was very difficult. We had to change everything to meet our targets, but we managed to do it without a [negative] effect on our results."

BCI officials say total deposits (private and corporate) rose from \$63bn in 1990 to \$156bn last year. Credit extended to clients was up 72 per cent from \$94.2bn to \$163bn, and total assets rose 109 per cent from \$147bn to \$308bn.

BCP, BPI and BCI provided the most striking examples of a general trend that is likely to continue this year. Banco Portugues do Atlantico (BPA), Portugal's second largest bank, which was 33 per cent privatised over a year ago and is awaiting a second phase of privatisation, wants to increase the number of its branches from 200 to 250 by the end of 1992. And Banco Totta & Acores (BTA), a leading private bank in which Banesto of Spain has an important stake, plans to open 10 branches by June, to bring its network to 313 branches.

Banco Espírito Santo e Comercial de Lisboa (BESCL), which was fully privatised last month, raised the number of its branches from 188 to 210 last year, and is expected to open another 40 branches this year. Final results for 1991 are likely to show an increase in assets of over 30 per cent, from \$1,197bn to \$1,544bn, and net profits up from \$11.5bn to \$15bn.

Now that control of BESCL has returned to the Espírito Santo group, representing the interests of the Espírito Santo family who owned the bank before its nationalisation in 1976, its future will depend on the group's broader strategy.

"BESCL will be the centre of the whole group, but it will remain fundamentally a retail bank. Other group institutions will specialise in investment banking, leasing, insurance and other activities in Portugal and internationally," says Ricardo Espírito Santo Salgado, group chairman.

Foreign banks in Portugal also have expanded. Barclays has grown from five branches in 1990 to 28 at the end of 1991, and plans to have up to 60 branches by the end of this

year. Banco Bilbao Vizcaya (BBV), the Spanish banking group which bought Lloyds Bank Portugal with its 12 branches in 1990, plans to open another 60 branches this year. Other Spanish banks are gradually building up their Portuguese branch networks.

Newcomers add to the pressure. The Banco Nacional de Credito Imobiliario (BNCI), a housing mortgage bank established last autumn, plans to open 17 branches this year.

Finantia, a merchant bank in all but name, is awaiting official authorisation to transform itself into a fully fledged bank, as are several other financial services and investment companies. Eduardo Costa, managing director, says Finantia will not compete with the retail banks in the broad market for deposits, but as an investment bank it could effectively draw on corporate clients to increase its funding base.

Finding a cheaper source of funding is one of the main reasons for the investment banks' move into the retail sector. For most banks, broadening their activities is seen also as the only way to secure their future and maintain market shares in the face of increasing competition and declining interest rates and margins.

Alexandre Vaz Pinto, chairman of the Portuguese Bankers Association, says conditions will be more difficult this year. "Margins will fall by about 1 percentage point, but it could be more, especially for banks with a small deposit base which rely on the money markets for funding. The cost of funding on the money markets could rise."

With average margins of about 3 per cent for the big banks, a one-point fall is tolerable, though some bankers believe margins could fall twice that much, and this has to be set against rising operating and expansion costs.

"The time of cheap funding is over," says Mr Veloso. "Controlling costs and risks and improving productivity will be the crucial factors."

Trading in shares declined on the stock exchange, says Patrick Blum

Market in the doldrums

WHILE TRANSACTIONS in Portuguese government bonds and securities have boomed in the past year, trading in shares has declined, in spite of official efforts to attract investors back to the bourse.

Several factors affected the market's performance.

High real interest rates and special fiscal benefits for purchasers of shares in companies being privatised combined to favour investment in government-influenced stocks, at the expense of the broader market.

Private Portuguese investors, who have seen the value of shares steadily decline since the stock market crash of 1987, continued to stay away from the market. At the same time, foreign (mainly institutional and corporate) investors, who had been attracted by expectation of rapid gains in an "emerging" market, have been more cautious, switching their attention to the bond market instead.

The Portuguese market remains small, and is easily influenced by the behaviour of a small number of large transactions. Foreign investors, who often account for the bulk of share transactions, also have a disproportionate effect. Recent reforms have yet to have their full impact.

Last year's figures speak for themselves. The value of transactions in government bonds and securities rose from \$343bn (\$24bn) in 1990 to \$1,460bn. In contrast, the value of shares traded on the official market, not including share flotation for privatisations or over-the-counter trading on the secondary market, fell from \$280.2bn in 1990 to \$234.1bn last year. The Banco Totta & Acores (BTA) index ended 1991 at 1,953.8 - almost 9 per cent below its level a year earlier - and has since slipped below 1,900.

The focus now for investors, Portuguese and foreign, is on selective investment, based on careful analysis of prospects for specific sectors in the economy and on the longer-term outlook for a small number of well-chosen companies. Speculative investments are out, though the habit has not been fully shaken, as demonstrated in hectic dealing in shares of companies being privatised.

Jose Carlos Pestana Teixeira, president of the Lisbon bourse, says high interest rates alone do not explain the poor performance of the stock market: lack of liquid-



Lisbon bourse: three-tier market

ity and insufficient information about the market also played their part. "A large part of information about the market never reaches people, whether in Portugal or abroad." Special efforts will be made to improve the flow of information, he adds.

New instruments will also be introduced, and a futures and options market, now under consideration, could come into being within 18 months. Meanwhile, Mr Pestana Teixeira hopes to establish marketmakers for shares, as has been done with the government bond market.

Some analysts believe the market remains too rigid and time-consuming. "When an investor takes a decision to buy or sell shares, he wants to move straight away, not weeks later," says one.

Mr Pestana Teixeira rejects this criticism, saying the problem is not technical but one of liquidity, which the creation of marketmakers could help to alleviate. "It's partly a cultural problem. You don't create a market by decree, but by building up the confidence of investors," he says.

He believes that recent and forthcoming reforms will help to make the market

more efficient, flexible and transparent. These have included the division of the market into three tiers. The first tier, or "official market", includes a small group of "top" companies, listed on the new computerised continuous-trading system that links the two exchanges in Lisbon and Oporto; and a larger group of about 60 companies, which are quoted twice a day, as under the old system.

Continuous trading was launched last September, with an initial three companies. The number has since grown to 11; and up to 30 could eventually be included, provided they have a minimum market capitalisation of \$500m.

The second tier, or "second market", is for small and medium-size companies with a market capitalisation of at least \$150m. Companies in this tier are quoted whenever there is trading in their shares, but are listed on only one of the two exchanges. At present, this second market consists of three stocks.

The third tier, or "market without quotations", is for companies which do not meet the criteria on liquidity or financial status. Companies in this tier can be traded on either of the two exchanges.

Last year, an independent securities exchange commission was set up, to regulate and supervise the market. The exchanges are now managed by two private companies, which will ultimately merge; while the creation of a central clearing-house for all shares will eventually enable delivery against payment settlements. The number of authorised brokers will be doubled to 30 in Lisbon, and raised from 10 to 14 in Oporto, to encourage greater competition and better services.

Mr Pestana Teixeira believes that, once the reforms are fully understood and assimilated by investors, the market will be in a better position to recover. Interest rates are slowly coming down, and inflation should also fall, with a positive effect on company earnings, leading some analysts to expect an upturn later this year.

"In our view, the BTA index is substantially undervalued," says Jeremy Campbell-Lamerton, director with Baring Securities. "There are stocks available that are as good as any in France, Germany or the UK, and we expect foreign investors to return to Portugal in 1992."

For the best investment and business partnership in Portugal

Dial BFB



The history of BANCO FONSECAS & BURNAY dates back to 1861. For the last 130 years we have been a significant player in the Portuguese markets. So when it comes to experience and knowledge of Portuguese economic and financial life nobody has more to offer than BFB. And we combine experience with a strong spirit of innovation and efficiency. With a network covering the whole of Portugal, subsidiary and associate companies in the key financial sectors, foreign branches and banking connections with the best banking institutions worldwide, BFB is in a leading position to offer a complete range of banking and financial services. If you are thinking of investing and doing business in Portugal, BANCO FONSECAS & BURNAY is the right contact.



BANCO FONSECAS & BURNAY
YOUR BEST PARTNER IN PORTUGAL

NEW YORK (Agency) 520, Madison Avenue 26th floor • New York-NY 10022-USA • Tel. (212) 593-0800 • Telex 0801046 BFBNQM-6801047 BFBNYUW • Telefax (212) 593-4672
CAYMAN ISLANDS (Off-Shore Branch) P.O. Box 1040 • West Wind Building • Grand Cayman • Cayman Islands • British West Indies
PORTUGAL - International Division - Rua do Comercio, 132 • Apartado 2231 • 1106 LISBOA CODEX • PORTUGAL • Tel. 873101-874081 • Telex 13716 FODORN • Telefax 3423572



Banco Borges e Irmão

OPORTO • LISBON • PARIS • CARACAS • JOHANNESBURG • NEWARK
Head Office

we know the way

European Finance and Investment: Portugal 4

Foreign investment has revitalised Setúbal

Record inflows

FOREIGN investment has helped to transform the port of Setúbal, 40 kilometres south of Lisbon, from a depressed shipbuilding town to the bustling heart of a new industrial region.

American golfers from local car companies are a familiar sight, where less than a decade ago unemployed workers were queuing outside soup kitchens.

Officials are trying to bring a similar transformation to the crisis-hit region of Vale do Ave, in northern Portugal, where the government estimates that as many as 45,000 jobs could be lost by 2000, as textile, clothing and footwear companies succumb to increased competition.

"Our aim is to attract foreign and domestic investment to the Vale do Ave, so that the industrial and social map of the region can be changed in the same way that investment helped bring new hope and a future to the Setúbal area," says Miguel Athayde Marques, president of the Portuguese Foreign Trade Institute (ICEP), which is also responsible for foreign investment.

Attracted mainly by low costs, a competitive labour force and high incentives, foreign investment has flooded into the Setúbal region over the past six years. Workers shed by the shipbuilding and heavy engineering industries can now find jobs at high-technology plants such as Ford Electronics, Delco Remy ignition systems and Valmet tractors.

But the impact of foreign investment on the Setúbal area will not reach its peak for another three years, when an Es450bn (\$3.2bn) Ford-Volkswagen plant, the biggest foreign investment ever made in Portugal, will begin production of a five-door, seven-seat multi-purpose vehicle.

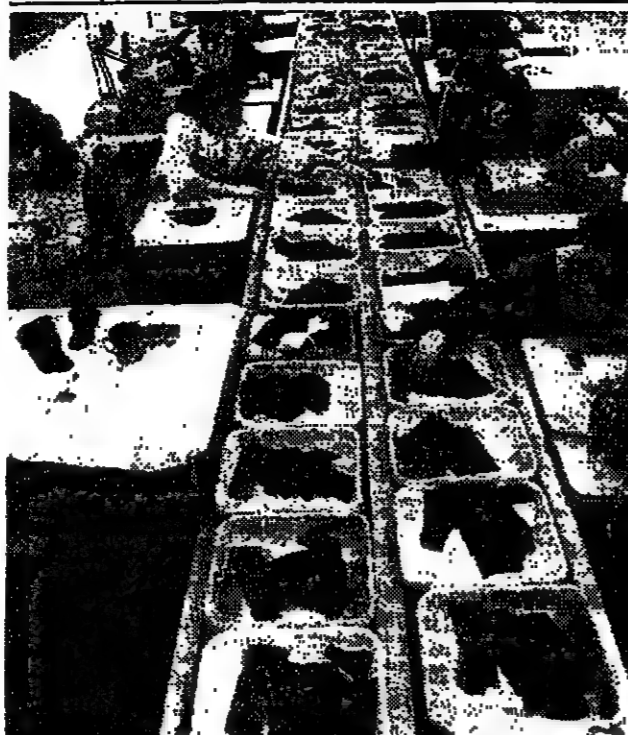
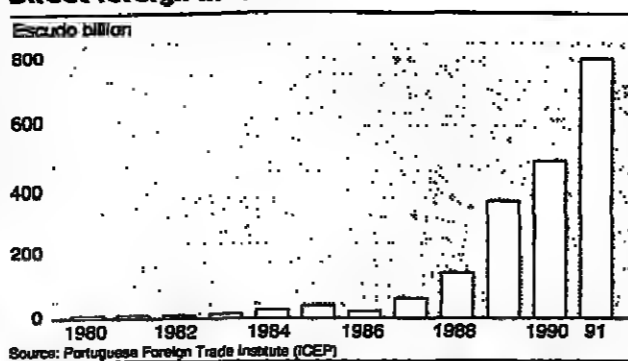
The covered Ford-VW project helped to bring total foreign investment in Portugal up to a record Es799bn last year, a 87 per cent increase on 1990. This includes only shareholders' capital; overall investment in a total of 3,000 projects was above Es1,000bn. The annual rate of foreign investment has grown a remarkable 37-fold since Portugal joined the EC in 1986.

"Investments like the Ford-VW project don't come along every day," says Mr Athayde Marques, "but we will be happy if we can maintain foreign investment in 1992 at the 1991 level of Es479bn."

Lisbon newspapers are already reporting two big potential foreign investment projects for the Vale do Ave area: a Samsung semiconductor plant, involving an investment of Es800bn and 800 jobs; and a Nokia project to produce televisions and computer monitors, involving an investment of Es100bn. Officials prefer not to comment on such reports, but they are confident that the region will prove attractive.

"Companies will find ready-trained workforces that can be easily adapted to new skills through vocational training," says Mr Athayde Marques. "There are also industrial plants ready for adaptation, as

Direct foreign investment



Shoe production line: victim of increased competition

well as green-field sites and good infrastructures that are constantly being improved."

Special EC-financed incentives will be available for investment in the area, under a programme known as SINDAVE. Grants will cover 75 per cent of viable projects. Tax incentives and venture-capital funds will also be on offer.

These incentives are additional to Portugal's intrinsic attractions to investors. Mr Athayde Marques sees the country as a low-cost centre offering competitive productivity and direct access to the EC's affluent consumers. "It's a question of good value for money, rather than being cheap or expensive," he says. "On top of this, Portugal enjoys political stability and labour peace, with less than half the EC average for days lost through strikes."

Given Portugal's low unemployment rate and the need to diversify and modernise industry, concern is being shown about the quality, rather than the size, of foreign investment projects. Broadly speaking, for projects of less than Es100bn, incentives are awarded automatically according to a points system, regardless of whether the project is foreign or Portuguese. Above that level, a contractual system applies, under

which the authorities take into account:

■ The extent to which the project introduces new technology and upgrades the labour-force through vocational training;

■ The export content of the project, and the extent to which it will help reduce the trade deficit; and

■ The extent to which the project will be anchored in the community, in terms of upstream and downstream links. Stand-alone projects that could facilitate future disinvestment will be at a disadvantage.

In assessing potential investment, the authorities first look at an investment banker's business plan for the financial and strategic aspects of the project. They want to know the forecast internal rate of return, the risks involved, and how those risks can be hedged.

"They also consider how the project fits in with the company's global strategy. A crucial condition will be that projects must be profitable in themselves, and not depend on the award of incentives for their viability. A further examination will be made of the impact of the project in regional and national terms. It should also have a positive effect on trade and foreign-exchange balances."

Peter Wise

THE PORTUGUESE insurance sector has gone through as much change in a decade as most industries would experience in a lifetime, and the challenge is not over yet.

Nationalisation, mergers, the growth of underdeveloped types of insurance, an influx of foreign investors, and changes in both the products and the way they are sold: every factor imaginable has been subject to incredible flux.

Celso Cardoso do Amaral, managing director of Union des Assurances de Paris (UAP), a French-based international insurance company, reflects the change. When asked what challenges he sees for the future for his company, he leaps eagerly to his feet in an elegant boardroom, and flicks back the pages of two flipcharts behind him.

They show rapidly-written scrawls on many sheets, evidence of brainstorming which has taken place only a few days earlier with senior colleagues. UAP is in the throes of adjustment to the merger of four companies: Aliança Seguradora, UAP Portugal, UAP Portugal Vida and Garantia.

"We have sorted out our logo and decided on our new name: UAP-Alíança," he says proudly. "Now we have a five-year plan. Our priorities are to harmonise internal systems, improve performance per employee, and to do it as fast as possible."

In another, rather humbler, office only a few minutes away across Lisbon, adjustments of a different kind are going on. Mr Nuno Cardoso da Silva, director of marketing at Mundial Confiança, one of the state-owned insurance companies, is preparing for privatisation.

A few years ago, three nationalised companies were merged into the present one. The business is perhaps still adjusting to that influence. But now it is having to prepare for the uncertainties of private ownership and an increasingly competitive insurance market, while still digesting the effects of over-staffing of the last few years. "We were probably the only successful merger at the time it happened,"

INSURANCE

Sector grows fast in a decade of change

says Mr Cardoso da Silva. "It was highly profitable and all very nice. But I am less optimistic about the future. Whatever happened in the past bears no relation to what will happen now."

If there were a book on the recent history of insurance in Portugal, it would probably begin in 1974. Previously there had been a regulated and stable market, which remained almost unchanged for more than 40 years.

Then came the Revolution, and with it, nationalisation. About 23 companies were taken into state ownership. Many of the existing executives trained in the sector left the boards. Other qualified staff drifted away. Contact with international insurance organisations came to an end.

Renewed change did not take long, however. In 1976, the National Insurance Institute was created under the auspices of the ministry of finance. Many laws and regulations were reviewed. Ray de Carvalho, president of the Association of Portuguese Insurers, says there then followed a "very shy liberalisation" over the next decade, partly in preparation for membership of the European Community.

Actions on solvency margins, third-party liability and freedom of establishment (determining who could set up in business) were taken, to bring Portugal into line with its other European counterparts, he says.

There were innovations in the development of work-based compensation. Automobile insurance became compulsory. The 23 state insurance companies were merged into six large groups, while foreign companies began to nib-

ble at the market again.

"We were very close to economic chaos," says Mr Carvalho. "It seems incredible today but not at that time."

It was not until the late 1980s that a clause in the Portuguese constitution forbidding privatisation was overturned. But for several years, the government had allowed the nationalised companies to act almost as if they were private.

From 44 companies in 1983, the sector has now grown to about 80. Many are branch offices of foreign insurance companies, led numerically by British owners, followed by the Germans and the French. Foreign companies collected 19 per cent of all Portuguese premiums in 1990. Last year the figure had increased to 28 per cent.

Aside from Açores, which deals with insurance in the Azores, only two directly state-owned insurance companies remain to be fully sold to the private sector: Mundial and Império. Both sales should be completed this year.

That leaves two others - Fidelidade and Cosce - which are owned through state-controlled financial conglomerates. One of these at least may soon also be sold.

Portugal still represents only a tiny part of the European market for insurance, with an estimated market share of 0.5 per cent. But it is developing fast. The ratio of premiums to gross domestic product, which stood at 1 per cent for many years, is now at about 4 per cent and rapidly growing towards the European average of 6 per cent.

The penetration for non-life business is already roughly comparable. Life

business is far less developed, and has experienced rapid compensatory expansion in the last few years as a result, growing by 80 per cent in 1989, more than 50 per cent in 1990 and at an estimated rate of 33 per cent in 1991.

At the same time, there has been a lot of product innovation, says Mr Carvalho. The re-opening of the Portuguese stock exchange opened opportunities for creating new life products. "In the old days, we had products we tried to sell to customers," he says. "Now we have clients and try to understand what they need."

The distribution network, for insurance, is still tightly controlled, with work from agents and brokers representing 60-65 per cent of premiums. However, the banks and even the post office are beginning to take a share of business.

Before his enthusiasm goes too far, however, Mr Carvalho stops, almost in mid-sentence. "That's the good news. Now let's deal with the bad," he says. Many of the insurance companies appear to be overstaffed. That reflects political decisions by the state to find jobs for all those returning from its former colonies, and also to provide guarantees during the months the Portuguese sector. It is still extremely difficult to fire people.

Profit levels are unsatisfactory. In fact, at 2 per cent of premiums with current inflation, Mr Carvalho estimates that there are no profits being made at the moment, although premiums continue to fall. Regulation and taxes on premiums remain.

"Personally, I feel that the companies have to do something about the level of competition," he says. "From now until 1995 there will be difficult times. This year will be the most difficult."

Mr Cardoso do Amaral, of UAP, concedes the same point. "We must be viable and profitable," he says. "These are words not often used in the insurance industry in Portugal."

Andrew Jack

BY NEXT winter, Portuguese viewers will be able to choose from four television channels instead of the existing two state-owned networks, following the award of two private broadcasting licences.

Choice is also increasing in other walks of life, as the government pursues an ambitious programme of economic liberalisation and privatisation.

Thirteen important companies have been wholly or partly privatised since April 1989, raising a total of Es340bn (\$2.6bn). State monopolies or privileges involving gasoline, cereals, alcohol, sugar and other products have been dismantled. Financial markets have been liberalised. State-owned newspapers have been turned over to private enterprise, radio opened to private broadcasters and airline competition freed.

In spite of this wave of liberalisation, the state continues to play a dominant role in an economy where the public administrative sector alone generates nearly 50 per cent of gross domestic product. Matters from the price of bread to the cost of a train ticket are still set by the state.

"After the sweeping nationalisation of 1976, state ownership in Portugal was comparable only with the communist regimes of eastern Europe," says Alfredo de Sousa, a professor of economics at the Universidade Nova de Lisboa. "The pendulum has moved a long way, but it still hasn't reached the other side."

Prof de Sousa is one of several critics who believe the government could have moved the privatisation process along faster. He blames indecision, bureaucracy and the setting of specific objectives for each privatisation for what he sees as unnecessary delays.

Some analysts say delays in the privatisation of Portugal's steel, oil and cement companies could lead to a substantial reduction in their price because of a less favourable economic climate in the relevant sectors, loss of market position, sharp falls in profit-



Vitor Constancio: opposed to private monopolies



Banco Espírito Santo Commercial de Lisboa: sale completed

PRIVATISATION

The state prevails

ability and unforeseen losses.

But others argue that the depressed state of the country's capital markets has held the process back. "Only by allowing a much bigger participation of foreigners in the privatisation programme would it have been possible to move ahead more quickly," says Vitor Constancio, a professor of economics and former finance minister.

The government has made clear that foreign control of privatised companies will not generally be authorised. In all but two privatisations, foreign participation has been limited to between 3 and 35 per cent. This is naturally unpopular with foreign investors. But what is proving even more unpopular with their Portuguese counterparts is that these limits have rarely been observed.

Prof Constancio, a former leader of the opposition Socialist party, also opposes plans to privatise more than 50 per cent of Portugal's largest pulp and paper company, and two cement companies: "I would maintain state control over these companies which are

important to the economy, use natural resources and are in a position of virtual monopoly, especially the cement companies... The only thing that is worse than a public monopoly is a private monopoly."

The government has announced an acceleration of the privatisation programme in 1992, following a suspension for last October's general election. Revenue from privatisations is forecast to reach Es350bn this year, as some of the biggest state-owned companies go on sale.

The sale of a remaining 60 per cent of state-owned capital in Banco Espírito Santo Commercial de Lisboa, the second larg-

est commercial bank, was completed on February 25. One of the biggest privatisation attractions this year will be the beginning of the sale of the oil company Petrolgal, Portugal's largest commercial enterprise.

The first stage of the sale will be by public subscription for 19m Es1,000 shares - representing a capital increase of 20 per cent - together with the sale of 8.2 per cent of existing capital. Bidders must undertake to purchase a further 25 per cent of current capital within a maximum of three years after the close of the initial sale. This will give the winner control of more than 50 per cent of the company. The run-

ner-up in the first phase will be given a chance to raise its offer if it was originally within 2.5 per cent of the top price.

Candidates must be "financially sound" and bid through specifically incorporated holding companies with a minimum capital of Es10bn. Foreign participation must be limited to 40 per cent of the voting capital.

The projected price per share is Es1,700 for an expected total cash flow of Es131bn. This is down from an earlier valuation of Es1,400bn, partly because of 1991 operating losses, the first in five years. A \$300m syndicated loan agreement that Petrolgal signed in London last December should help to make the company more attractive.

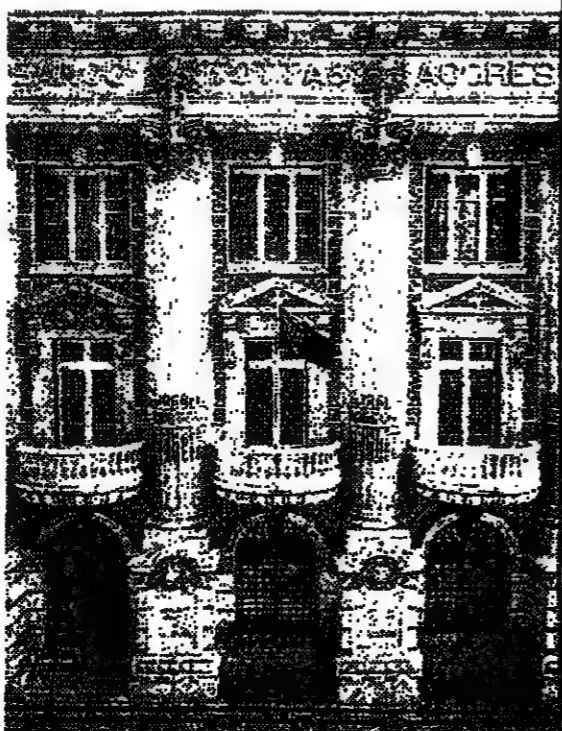
Other companies expected to be at least partially privatised this year include:

- Banco Pinto e Sotto Mayor, with an estimated value of Es80bn;
- Siderurgias Nacionais, a steel company in which the state will retain a 10-per-cent "golden share";
- Mundial Confiança, an insurance company, of which an indivisible block representing 40 per cent of the total capital will be sold;
- Banco Português do Atlântico, the second stage of the sale of Portugal's largest commercial bank;
- Quimitecnica (chemicals);
- Império (insurance); and
- Rodovias de Algarve (road transport).

Andrew Jack

Meet the Bank in Portugal.

An experienced and solid bank where expertise and modern financial dynamics are a by-word. We know the country like we know the people. With 210 domestic branches and our prime international network we are able to fulfil your business and financial needs wherever they might be. Just ask anyone about us or ask your business partner in Portugal - you will be most probably talking to one of our customers! Satisfied clients are one of our most common assets: you can become one too. Come to TOTTA - the most experienced Portuguese bank in international business.



BANCO TOTTA & AÇORES

Tradition · Experience · Dynamics

since 1843

STEVE DORES
TERMINAL OPERATORS

AT LEIXOES
SOCARPOR (DOURO/LEIXOES) La
Rua Mouzinho de Albuquerque, 13
4450 Matosinhos
Telephone: 935061/5 Telex: 27520/1

AT LISBON
SOCARPOR (LISBOA) La
Topo Oeste - Doca de Alcântara
1300 Lisboa
Telephone: 672145/6 Telex: 15841

AT AVEIRO
SOCARPOR (AVEIRO) La
Cais Comercial - Apartado 393
3802 AVEIRO
Telephone: 29702/70 Telex: 37539

The Portuguese
for
merchant banking.

As the investment banking arm of a major Portuguese oriented multinational, we're ideally placed to offer an extensive range of merchant banking services.

Our core services include the management and underwriting of Portuguese capital market issues; mergers and acquisitions, medium and long term lending and venture capital.

For further information telephone Lisbon 010 35113870137 or Oporto 010 3512 697781.



Espirito Santo
Sociedade de Investimentos S.A.
A member of the Espirito Santo Group

LISBON · OPORTO.

European Finance and Investment: **Portugal 5**

Madeira's challenge to established financial centres shows results, as the Azores sets up a free trade area

Ready to increase offshore business

Decisive step forward

A SMALL group of islands off the west coast of Africa, almost 800 kilometres from Europe and where almost everything has to be imported, was an unusual choice of location for a new international business centre.

But after three years, Madeira has nearly 500 companies registered to operate either in its offshore financial centre or in its free trade zone. This is few by comparison with other centres, but officials believe growth will accelerate now that most of the legislation has been ironed out and the infrastructure improved.

They say that Madeira offers competitive incentives and that, though it is distant from continental Europe, it is an autonomous region of Portugal anchored in the European Community, as well as a convenient stop-off point between Europe and north and south America.

"We had to develop infrastructure, we are building a deep sea harbour, and all this takes a long time, but the prospects are very good," says Francisco Costa, chairman of the Madeira Development Company (SDM), which is responsible for developing offshore activities.

Nineteen banks and one insurance company are operating offshore. Most are branches of Portuguese institutions, with a few international banks, including Manufacturers Hanover, Lloyds Bank Fund Management (Channel Islands), Crédit Lyonnais, and Deutsche Bank. Banco Bilbao Vizcaya, the Spanish banking group, is awaiting a licence to open a branch.

Bankers say the offshore business has been exceptionally good. David Caldeira, general manager of the offshore branch of Caixa Geral de Depósitos (CGD), the biggest Portuguese bank, says business has grown faster than expected, increasing more than tenfold between 1980 and 1991. Investors have come mainly from Europe, and from South America where interest has been surprisingly strong, with clients transferring their deposits to Madeira.

Mr Caldeira believes that the language and Madeira's image as being clean and safe are important factors for South American investors; while



Madeira: competition with well-established European centres is formidable

European clients are more interested in Portuguese bonds and securities and taking advantage of the tax breaks.

Lino Bento, operations executive at the offshore branch of Banco Espírito Santo e Comercial de Lisboa (BESCL), Portugal's third largest bank, says security is a big preoccupation among non-European clients. "Many are not particularly concerned about interest rates. The main thing for them is to know that their funds are safe."

Spanish investors see Madeira as an alternative to Gibraltar, and farther afield, an increasing number of clients are coming from South Africa and the Far East.

Fernando Couto, manager of New Madeira Investment Services, a management and registration company, notices increased interest from Hong Kong. So far it has been mainly in the financial sector, but he expects more companies to come to the free zone.

The free zone, where manufacturing is concentrated, is on a 120-hectare site on the main island's eastern coast, 8km from the airport and 30km from Funchal, the island's main town. The first phase of development is well advanced. The hilly landscape has been levelled, and new factories are springing up. Work has also begun on enlarging the tunnel

on the access road between the free zone and Canical, a nearby town from where many new factories recruit their workers.

A new deep-sea harbour, which will allow goods to be shipped directly in and out of the free zone, is due to be completed by October.

Ten companies are manufacturing in the free zone, with two more awaiting a licence and several others (including one from the Far East which could create up to 1,000 jobs) under discussion. They include manufacturers of high-tech optical instruments, textiles, household appliances, food, marble and jewellery, and have come from as far apart as Brazil, Hong Kong, Lebanon, Ireland and Portugal.

Bradley Clarke, general manager of Optonique, which makes precision optical instruments, says the worst problem was bureaucracy. It had been difficult to obtain residence permits, and there were long delays over customs clearance for goods, but most of these problems had been overcome.

Mr Clarke came to Madeira from South Africa, because it was close to the company's export markets in Europe, North Africa and the Middle East, and to its sources of materials. It offered good financial conditions and a politically stable environment.

Stanley Lam, of Sheenotto

Industries of Hong Kong, manager of a clothes factory, says good incentives, low labour costs, and Madeira's location between Europe and the US were deciding factors. "It takes 21 days to ship goods from Hong Kong to the US, but from here it can take as little as 11 days."

Edgar Rodrigues de Aguiar, of Amapias, a Brazilian plastics manufacturer, emigrated from Madeira to Brazil 16 years ago. He says there were sentimental reasons for coming back to Madeira, but "you don't make an investment just for sentimental reasons". The 2,000 square metres factory, which makes plastic bags, is capital-intensive and employs 82 workers on continuous production. At the moment, goods have to be sent by road to Funchal for shipping, but the new deep-sea port will reduce transport costs and save time.

A new international shipping register was established, to complete the range of facilities available, but this proved troublesome. Portuguese social security legislation and restrictive clauses covering crews had to be changed.

Registered ships sail under the Portuguese flag, and according to Portugal's laws, the captain and at least 50 per cent of crews had to be Portuguese, making the register unattractive for most ship-own-

ers. The law has been amended, abolishing the nationality requirement for crews, except for ships that call regularly at Portuguese ports, which must have 50 per cent EC crews. The new law comes into force this month.

Patrick Blum

THE MID-ATLANTIC archipelago of the Azores is following in Madeira's footsteps by launching a free trade zone and offshore centre based on the island of Santa Maria. Companies that set up there benefit from conditions similar to those in Madeira, such as a zero tax rate and EC membership as well as cash grants covering a large proportion of investment costs.

The project took a decisive step forward in June 1991 with the final ratification by the EC and the central Portuguese government of the Azores' application to add an offshore financial and services centre to the free zone. Santa Maria was chosen as the base for the free zone mainly because of the availability of surplus manpower and infrastructure after the island's airport, once a key transatlantic refuelling point, lost importance with the advent of long-range aircraft. Large investments have since upgraded the airport for the use of companies operating in the free zone. A port has been built and telecommunications are being modernized to provide high quality telephone, computer and satellite communications by 1993.

The free zone covers an area of more than 400,000 square

metres. Modern offices and warehouse space is rented to companies until they build their own facilities. However, investors are not limited to setting up in the designated area of Santa Maria. Companies can seek authorisation to establish production facilities anywhere in the nine-island Azores archipelago and still enjoy all the benefits of the free zone, apart from a 30 per cent reduction in some incentives.

The benefits for companies operating within the ambit of the zone include exemption from corporate and personal taxation until 2012; exemption from customs duties and local taxes; free repatriation of funds, dividends and capital gains; low company registration fees; and grants of up to 100 per cent of the cost of training workers and 50 per cent of the cost of renting land and buildings, construction, industrial installation and the purchase of equipment and machinery.

Two companies already working in the zone have installed plants in São Miguel Island. One taps the island's forestry resources to produce industrial wood products; the other restores and exports classic cars. A third company, takes full advantage of training

grants to provide courses for computer technicians and will recruit the best students for its own production plant in the Santa Maria free zone. At least 12 other companies are preparing to set up in the zone amid growing global interest.

"Santa Maria is proving particularly attractive to companies from Australia, China, Macao and other Asian countries who are looking for an entry to Europe," says João Gago da Camara, the head of Sociedade de Desenvolvimento da Zona Franca Mariense (Zofram), the company that runs the zone on a concessionary basis.

For classification of the origin of products, production in the zone is divided into Portuguese, European and non-European classes. Normal international quota limits apply to exports from the zone, depending on the level of European or other content. However, Zofram hopes to establish specific agreements with regions, including Europe and the United States, to waive the application of quota restrictions on goods from the zone as an added stimulus to the development of the Azores.

Peter Wise



Funchal, Madeira's capital city

we are successful when you succeed

THE MADEIRA INTERNATIONAL BUSINESS CENTRE

the parts form the whole
we provide the parts
for you to complete the whole

in MADEIRA INTERNATIONAL BUSINESS CENTRE
with its tax efficient system
no exchange controls
political and economical stability
and the four main investment areas

INDUSTRIAL FREE TRADE ZONE
INTERNATIONAL SERVICES CENTRE
OFFSHORE FINANCIAL CENTRE
INTERNATIONAL SHIPPING REGISTER

you will be able to
minimize risks
reduce overheads
freely transfer funds and
benefit from tax and financial incentives
with the advantage
of still operating within the EEC



For further information contact
SDM - MADEIRA DEVELOPMENT COMPANY
RUA IMPERATRIZ D. AMÉLIA • P.O. BOX 4164 • 9052 FUNCHAL CODEX • MADEIRA • PORTUGAL
TELEF. (91) 25466 • TELEFAX (91) 28950 • TELEX 72271P

BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA



BRANCHES

LONDON BRANCH
15, Abchurch Lane, London EC4N 3DF
Tel: 01-479 0100 • Telex: 330300 BSCS L • Fax: 01-479 0101

NEW YORK BRANCH
330, Madison Avenue, New York, NY 10017
Tel: 212-691-1000 • Telex: 330300 BSCS L • Fax: 212-691-1001

MADRID BRANCH
Torre de Cristal, Torre 10, Paseo de Colón, 4
28014 Madrid • Spain
Tel: 01-502 21 00 • Telex: 330300 BSCS L • Fax: 01-502 21 01

MILAN BRANCH
Via Montenapoleone, 10, 20121 Milano
Tel: 02-7600 1111 • Telex: 330300 BSCS L • Fax: 02-7600 1112

MOSCOW BRANCH
Moscow State Bank, 12, Bolshaya Morskaya Street
Tel: 010-312 11 11 • Telex: 330300 BSCS L • Fax: 010-312 11 12

PARIS BRANCH
1, rue de la Harpe, 75004 Paris
Tel: 01-47 90 11 11 • Telex: 330300 BSCS L • Fax: 01-47 90 11 12

PRINCIPAL REPRESENTATIVE OFFICE
Rua Imperatriz D. Amélia, 4164 • 9052 Funchal Codex • Madeira • Portugal
Tel: 25466 • Telex: 72271P



Portuguese Focus

Every Month

A Vital Information Source

The newsletter for Portuguese news, stock market, finance, politics, property, business, taxation and law.

Contact: Campden Publishing Ltd, Tech West Centre, 4 Warple Way, London, W3 0UE. Tel: 081 749 6655. Fax: 081 749 1718.

FENALI

PROPERTIES IN PORTUGAL

- Lisbon, Prime location on Av. Duque D'Avila. Offices spaces in new luxurious building. Areas from 224 to 2941sq m. Car spaces. Immediate occupancy.
- Lisbon, Marquês de Pombal Square, development site with preliminary project for 25000sq m. construction above ground. Hotel, offices and retail use. 512 Car spaces.
- Lisbon, Praça de Espanha, 2753sq m. site with approval for 14000sq m. construction above ground. 250 Car spaces.
- Lisbon, Camões 5 minutes from city centre office spaces to rent. Areas from 220 to 3000sq m. Car spaces. Immediate occupancy. Exceptional view.
- Lisbon, 5 minutes from centre close to Lisbon Cascais railway. building to rent. Office areas 5000 and 10000sq m. with car spaces. Delivery: End of 1992.
- 20 minutes South from Lisbon, beach front 90 room hotel for sale. Impressive area 1099sq m. area of construction 2400 sq m. Exceptional sea view.
- Oporto, Via Nova close to international air port, Leixões harbour and Oporto-Lisbon railway. Warehouse and office complex for sale.

Areas: warehouse - 15,500sq m.
office - 960sq m.

LISBON OFFICE TEL: 351-1-882188 FAX: 351-1-882189
LISBON OFFICE TEL: 351-1-882187 FAX: 351-1-882188
LISBON OFFICE TEL: 351-1-882186 FAX: 351-1-882187

COMMODITIES AND AGRICULTURE

EC farm reforms tripped in final straight

David Gardner on the battery of imponderables facing the Commission

European Commission plans to reform fundamentally the Common Agricultural Policy entered what looked like the final straight yesterday - at which point several EC member states stuck out their legs to trip them.

Nonetheless, the main evidence that agriculture ministers are at last having to face up to decisions on reform was that some were forced to drop any pretence at going along with the Brussels blueprint and state their real objections.

Before the ministers was a detailed compromise proposal by the Portuguese presidency of the EC, worked out by officials from the 12 within the Commission's framework. This was billed as "the final compromise".

For cereals, the centrepiece of the reform, the Commission's planned 35 per cent price cut over three years has been reduced to 30 per cent. Less compensation for the price cuts would be paid, however, although the possibility of more compensation for taking land out of production is contemplated.

The price cuts are meant to cut overproduction, while compensating farmers fully with direct income payments - con-

ditional for larger farms on setting aside land. The policing of this scheme, an individual farm basis ran into strong administrative resistance among the 12.

Germany claimed it would cost Ecu500m (£602m) to monitor and Belgium said it would take five years to introduce. The argument has been resolved by selecting the equivalent of an English county as the unit from which to calculate the areas sown and set aside. Individual farmers can also present their own "base area", but both units will be penalised for any cheating.

The compromise also envisages a less restrictive definition of beef and dairy herd eligibility for premium payments. The Commission had wanted to discourage intensive farming by setting a density limit of 1.4 head per hectare. This would now rise to 2 head per hectare.

A ceiling on intervention stockpiles of beef would be established at 800,000 tonnes in 1993, descending gradually to 300,000 tonnes in 1997.

The beef mountain now stands at some 5m tonnes, but only because a further 1m tonnes was sold abroad last year at prices around a quarter of market



Ray MacSharry: a double-edged weapon

levels. Equally, the complex "safety net" arrangement, whereby the Commission must buy in surplus beef once prices fall below 72 per cent of EC "intervention" prices, would have its price trigger lowered to 55 per cent - though this presupposes a 15 per cent price cut.

British sheep farmers in disadvantaged hill areas would be subsidised for herds up to 1,000 head, as now, rather than 750, as Brussels had planned. And their 1m tonnes was sold abroad last year at prices around a quarter of market

especially in Italy, Greece and Spain.

Although ministers last November accepted the thrust of the Commission's reform, the UK, Denmark and the Netherlands - which as EC president at that time announced acceptance "in principle" of the Brussels plan - yesterday raised objections of principle.

Mr John Gummer, UK farm minister, said "this was not a whole lot of countries whingeing about national interest, but saying that although we have to have reform, the avenue down which we are going is the wrong one." He called for "degressive compensation for price cuts, so that the market signals get through."

France, the plan's most resolute opponent until recently, accepted its thrust. Ireland, its ally, was deeply unhappy with the proposed beef regime. But Germany, the EC's leading advocate of farm subsidy cuts to enable a Uruguay Round world trade deal, presented a point by point shopping list of objections which would greatly raise the already criticised cost of the reform.

The German stance visibly disconcerted the Commission, which now faces a battery of imponderables before deciding

its tactics.

● The fast-fading Uruguay Round talks, which hinge on farm subsidy cuts which condition CAP reform.

● Criticised Commission plans to increase EC revenue by a third in the next five years. Germany, the main contributor to the EC budget, is least disposed towards this increase. Yet Mr Ignaz Kischke, its farm minister, is adding to the bill even while the Commission is looking for budget cuts - which may start in agriculture.

● Forthcoming elections in the UK, France and Italy, seen as a disincentive to radical decision-making.

● The 1992-93 farm price regime, which the Commission is due to agree on March 18.

Mr Ray MacSharry, author of the reform plan, said yesterday he would "take account of the stage and state of the (reform) negotiations" before deciding whether to introduce new price cuts this year without compensation.

Prices fall as India relaxes bullion imports

By R.C. Murthy in Bombay

THE BOMBAY bullion market reacted bearishly yesterday to the Indian government's proposed relaxation of the 22-year ban on gold imports.

Exporters of gold to India are to be allowed to import 5 kilos of gold as part of a bid to end smuggling, the government announced in its Budget statement over the weekend.

Smuggling has hitherto been the main source of supply to citizens who crave for the precious metal.

The gold price on the Bombay market - pacesetter for other Indian centres - fell by 232 rupees or 1.5 per cent to Rs. 4,115 (US\$178) per 10 grams of gold yesterday, the first day of trading since the announcement. Monday was a holiday.

A 15 per cent import duty on gold, payable in convertible currencies, will be levied with the twin purpose of narrowing the gap of Rs.900 per 10 grams between local and international gold prices and of easing India's present foreign exchange crisis.

India is estimated to consume some 220 tonnes of gold a year.

Two-thirds of the country's demand is met by imports and most of the rest is met by scrap or recycled old jewellery. Only about two tonnes of gold a year is mined in India.

India has strict foreign exchange controls. They have encouraged a flourishing underground economy and substantial premium for the dollar over the official exchange rate.

Dual-based gold smugglers also operate as money changers for Indian expatriates, who remit money for their families back home and use the convertible currencies to finance gold imports to India.

The Indian government has introduced a dual exchange rate for the rupee in an attempt to put unofficial money changers out of business. Sixty per cent of proceeds from merchandise exports and invisible earnings can be sold at market rates and the remaining 40 per cent has to be handed over to the Reserve Bank of India at the official rate.

The US dollar was quoted at Rs.35.40 on the free market on the first day yesterday against the black market conversion rate of Rs.31.50. When parity is achieved between the two and expatriate Indians bring in gold in sufficient quantity, smugglers will have no role as money changers for expatriates in the Gulf and in gold supply.

S African gold producers divided on forward selling

By Philip Gawth in Johannesburg

DIFFERENCES between South African gold producers as to the merits of selling gold forward have resurfaced following the publication in a local journal of an article suggesting that the practice does not pay.

Mr Hugh Munro, formerly chief consulting engineer in Union Corporation, now part of the Genor group, claims in the Journal of the South African Institute of Mining and Metallurgy that Western gold producers lost \$2.5bn revenue in 1980 through forward sales of gold at the price of the precious metal.

Mr Munro's conclusions have met with a mixed, if predictable, reception. They have been welcomed by Genor, which is a reluctant forward seller and dismissed by Anglo American, the world's largest producer.

Mr Munro says forward sales consist of gold leased from banks at a very low rate of interest. It is then sold on the spot market, and the proceeds are invested at the London Interbank Offered Rate (Libor) at a much higher interest rate.

The difference between these two rates is the gold contango. Over the past three years has been around 5 and 8 per cent.

Mr Munro's claim is that producers overlook the loss attached to enjoying this contango. His calculations attempt to prove that every extra tonne of gold sold per annum reduces the price by about 20 cents an ounce.

Based on Gold Fields Minister

als Services figures for 1990, Mr Munro calculates that non-Communist mines would have made a monetary gain of \$2.5bn in 1980 had they not sold gold forward.

In the article he argues that, if his views are accepted, then forward sales will diminish and many gold loans will be repaid so that the price of gold will rise "fairly rapidly" to a level perhaps in excess of \$400 per ounce, and possibly as high as \$500.

Mr Gary Maude, managing director of Genor, said that he supported Mr Munro's conclusions which "back up some of the feelings we've had."

Genor's approach to forward sales was that they were really only in special cases where a marginal mine was likely to go under if it did not sell forward, Mr Maude added.

Mr Kelvin Williams, marketing manager for the gold and uranium division at Anglo American, said his company was sceptical of the reasoning and conclusions contained in the article. "The simplistic application of complicated mathematics to a collection of dynamic factors in the market is sufficiently removed from reality to be fruitless to comment," he said.

Two other factors which diminish the worth of the analysis in the view of Anglo American are the figures on which it is based and the failure to take account of the impact of gold transactions on the market.

Bid to end sugar strikes in Jamaica and Barbados

By Canute James in Kingston

NEGOTIATIONS between mill operators and labour unions began yesterday in Jamaica and Barbados with the aim of ending strikes which have crippled the sugar industry in the two Caribbean islands.

Seven of Jamaica's nine mills have been closed by a dispute over wages. Spokesmen for the industry said yesterday that if the stoppage does not end in the near future it will threaten achievement of this year's production target of 290,000 tonnes.

Reduced output will also curtail the island's ability to meet its quota commitments to the European Community and the US. While the unions are asking for wage increases of 300 per cent, mill owners are offering 50 per cent.

In Barbados the industry, which was shut down for several months because it ran out of money, has been unable to

start this year's harvest because of another pay dispute.

The unions are asking for an increase of 8 per cent, but Barbados Sugar Industry, the owner of the island's mills, is suggesting a wage freeze because of the weak state of its finances.

It was the state-owned Barbados National Bank about \$7m. No new credit is being granted as the government has agreed with the International Monetary Fund to cut the public sector deficit.

Barbados's sugar industry has seen its production fall in recent years. The 1991 harvest yielded 65,774 tonnes, the lowest in 60 years.

The industry has been having difficulty meeting its quota commitments to the EC and the US and satisfying domestic demand.

US and Canada declare war on gypsy moth invaders

By Bernard Simon in Toronto

PEST-CONTROL authorities in the US and Canada next month will start spraying insecticide over large parts of three west coast cities, including Vancouver's central business district, in the hope of controlling an influx of Asian gypsy moths.

The moths, which have arrived on Russian grain vessels over the past few years, are voracious foliage eaters, especially of coniferous plant species found in British Columbia and the north-west US.

Apart from the threat posed to forests, Canadian authorities are concerned that Washington may try to contain the moths by imposing a certification requirement or some other non-tariff barrier on

British Columbia lumber exports.

Aerial and ground spraying is expected to start in Vancouver and the US cities of Portland, Oregon, and Tacoma, Washington, in the second half of April. The programme is scheduled for completion in early June.

The Vancouver programme, covering 43,000 acres, has already been approved. US Department of Agriculture officials are still awaiting funding for the \$20m budget to spray almost 140,000 acres in Tacoma and Portland.

The US programme also provides for surveys at other high-risk ports used by vessels from eastern Russia.

The spraying will be done with a bacterial insecticide known as *Bacillus thuringiensis*, which is specifically designed to exterminate caterpillars and has no known effects on humans, large animals or fish.

Mr Gordon Powell, the Canadian official in charge of the Vancouver project, said that discomfort to humans is expected to be minimal.

Helicopters will spray three applications of the insecticide over Vancouver's downtown area between sunrise and 7am when few people are on the streets.

The Asian moths were first noticed in substantial numbers in the winter of 1990-91.

Zinc output forecast to fall 1.1% in 1992

By Kenneth Gooding, Mining Correspondent

EUROPE WILL continue to bear the brunt of cuts in production capacity caused by present low zinc prices, a report from the Metal Bulletin Research organisation suggests.

The year concentrate production is likely to ease at Outokumpu's Vihanti smelter in Finland, Metallgesellschaft's Meggen smelter in Germany and the Rubiales smelter owned by Exminera in Spain. More closures can be expected in 1992, the report adds.

In 1992, however, Asturias de Zinc's San Juan de Nueva smelter will eventually help to restore world-wide cuts in refined zinc production.

Closures already announced include those by Cominco in Canada and Ruhrstahl in Germany, as well as Vieille Montagne's Overpelt plant in the Netherlands and the temporary shutdown of Nova Samin's Crontone plant in Spain.

These will "more than outweigh the modest additions to capacity scheduled to come on stream this year," says Metal Bulletin Research.

Analysts Mr Rosalind Stewart and Mr Neil Buxton forecast a 1.1 per cent fall in refined zinc output this year to

5.34m tonnes and then a 2.4 per cent increase in 1993 to 5.38m tonnes.

They suggest the zinc market was oversupplied by 185,000 tonnes last year, the largest surplus since the mid-1970s. In 1992 the surplus is forecast to fall to 46,000 tonnes which would leave stocks at the end of this year at 700,000 tonnes, or 6.9 weeks of consumption.

The report suggests there is little room for zinc prices to

fall - a move below \$1,000 a tonne would probably prompt more output cuts - and there should be rallies towards \$1,400.

For 1992 the report expects cash zinc prices to average \$1,200 a tonne. Next year's average is predicted to be \$1,450 a tonne, with prices ranging between \$1,250 and \$1,550.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market, 99.5 per cent, \$ per tonne, in warehouse, \$1,401.730 (same).

BISMUTH: European free market, min. 99.99 per cent, 260.3-310 (260.3-320).

CADMIUM: European free market, min. 98.5 per cent, \$ per lb, in warehouse, 1.00-1.20 (0.95-1.10).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 28.50-29.50 (28-29).

MERCURY: European free market, min. 99.99 per cent, \$ per 75 lb flask, in warehouse, 115-125 (same).

MOLYBDENUM: European free market, drummed molybdenum trioxide, \$ per lb Mo, in warehouse, 2.20-2.25 (2.23-2.27).

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg WO₃), cif, 55-60 (same).

VANADIUM: European free market, min. 98 per cent, \$ a lb V₂O₅, cif, 2.25-2.35 (same).

URANIUM: Nuxco exchange value, \$ per lb, U₃O₈, 8.00 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

Zinc hit three-month highs on the LME while nickel closed near eight-month lows. Three-month zinc ended kerb trading above \$1,200 a tonne on short covering and talk of a pay strike at a Mexican smelter. Three-month nickel touched an eight-month low of \$7,540 a tonne in the afternoon on Russia has been granted export licences for 20,000 tonnes of metal and can ship 8,000 tonnes out of its own warehouses underlined bearish fundamental sentiment. Lead held near 412-month highs struck in the morning as speculative interest was attracted by the current upward move. The market is

underpinned by talk of secondary metal cuts in the US and impending rationalisation in Europe. Aluminium also advanced, three-month metal moving smartly back above \$1,300 on US short covering against a background of physical demand. Silver futures were ahead at midsession in New York, but gains were limited by Monday's news that Comex warehouse stocks were 1.7m ounces ahead at a record 280,890,354 ounces. That offset a 0.3 per cent rise in US economic leading indicators which pointed to an economic recovery and a possible increase in industrial demand for the metal.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB) + or -

Dubai \$14.96-3.05-3.25
Brent Blend (dated) \$17.25-1.50-2.25
Brent Blend (Apr) \$17.25-1.50-2.25
W.T.I. (1st est) \$18.25-4.40-0.15

Oil products

(NWE prompt delivery per tonne CIF) + or -

Premium Gasoline \$196-202 +1

Gas Oil \$156-167 +1

Heavy Fuel Oil \$69-71 +1

Refinery \$178-179

Other

Gold (per troy oz) \$351.75 +0.9

Silver (per troy oz) \$415.25 +5.5

Platinum (per troy oz) \$300.0 +5.8

Palladium (per troy oz) \$84.35 +0.85

Copper (US Producer) \$108.50 -0.55

Lead (US Producer) 37c -0.05

Tin (Kuala Lumpur market) \$14.11 -0.16

Zinc (US Prime Western) 258.5c -1.5

CLAS (CL) \$2c

Cattle (live weight) 107.50 +1.25

Sheep (live weight) 100.75 +0.25

Pigs (live weight) 94.80 +2.25

London daily sugar (raw) \$24.2v

London daily sugar (white) \$26.1v +1.3

Tale and Lyte export price \$224.5 +1

Barley (English) £120.75

Malt (US No. 3 well) \$14.00

Wheat (US Dark Northern) £11.00

Unq.

Rubber (Apar) \$2.50 +0.35

Rubber (May) \$2.75 +0.25

Rubber (KL RSS No 1 Mar) \$210.0m -0.5

SUGAR - London POKE (\$ per tonne)

New Close Previous High/Low

Aug 165.00 178.20 184.00 178.20

Oct 165.00 185.00 187.40 184.40

Mar 191.00 189.60 189.60 189.60

White Close Previous High/Low

Aug 286.7 299.9 280.0 280.3

Oct 287.5 293.9 287.0 284.3

Mar 295.0 297.4 297.4 297.4

Turnover: Raw 1578 (185) lots of 50 tonnes.

White 731 (482)

Paras White (PFF per tonne): May 1486.41 Aug 1525.45

CRUDE OIL - IPE (\$/barrel)

Close Previous High/Low

Apr 17.43 17.22 17.48 17.18

May 17.49 17.20 17.50 17.25

Jun 17.57 17.24 17.57 17.32

Jul 17.57 17.23 17.57 17.30

Aug 17.61 17.30 17.61 17.35

Sep 17.65 17.35 17.65 17.41

Oct 17.63 17.30 17.63 17.48

IPE Index 17.40 17.56

Turnover: 2588 (1228)

CLAS (CL) (\$/barrel)

Close Previous High/Low

Mar 157.00 152.75 157.50 158.50

Apr 157.00 156.25 157.50 158.25

May 157.50 158.50 158.00 158.75

Jun 157.50 158.50 158.00 158.25

Jul 157.50 158.50 158.00 158.25

Aug 157.50 158.50 158.00 158.25

Sep 157.50 158.50 158.00 158.25

Oct 157.50 158.50 158.00 158.25

Nov 157.50 158.50 158.00 158.25

Turnover 24288 (6115) lots of 100 tonnes

SUGAR - London POKE (\$ per tonne)

New Close Previous High/Low

Aug 165.00 178.20 184.00 178.20

Oct 165.00 185.00 187.40 184.40

Mar 191.00 189.60 189.60 189.60

White Close Previous High/Low

Aug 286.7 299.9 280.0 280.3

Oct 287.5 293.9 287.0 284.3

Mar 295.0 297.4 297.4 297.4

Turnover: Raw 1578 (185) lots of 50 tonnes.

White 731 (482)

Paras White (PFF per tonne): May 1486.41 Aug 1525.45

By Terry Byland, UK Stock Market Editor

On the results front, the market accepted an increased loss from General Accident without much surprise, and was encouraged when Abbey National, the mortgage and banking group, referred to signs that the worst of the recession seemed to have passed.

overnight business from the US overflowed into London, driving Reuters ahead again and also helping ICI, BP and Shell. But Cadbury Schweppes, often a US-driven stock, gave ground on fears of a rights issue.

Seac volume increased to 52,000 shares from the 438,600 of the previous session, but dealers' purchases were

point or view of the London-based securities houses.

Caution ahead of the UK budget, and the general election expected soon after, was underlined by market strategists. Kleinwort Benson Securities sees the Footsie remaining in its 2,500-2,600 range during March, although it believes this may be the last opportunity to buy below 2,600. Nomura Research Institute expects a switch out of the US and into the UK and Japan, but adds that "no action is yet envisaged."

[illegible]

	Mar 2	Feb 26
	106.7	144.8
verage	140.2	149.6

MARKET REPORTERS:
Collin Millham, Joel Kibazo,
Christopher Price,
Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 18.

[illegible]

TRADING in stock index futures was volatile with few features on which to focus in this trading, writes Joel Kibazo.

The day's business in March started at 3,569, but the contract immediately ran into sellers. A leading securities analyst said the contract started March trading down to 2,663 by 9am as traders digested the overnight falls in Tokyo.

March gently crawled back to reach the day's high point of 2,583 by mid-session. A further bout of selling was curtailed by Wall Street's firm opening, though weakness before the close was noted.

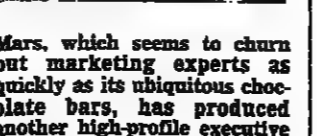
March finished at 2,674, at a premium of only 5 to the underlying futures, and some traders above its estimated fair value premium to cash of about 6. Turnover of just over 4,000 contracts was again judged poor.

In traded options, the turnover of 24,774, saw Asda accounting for a large part of the day's volume. Turnover reached 7,233 lots, the October 40 put the busiest series, after James Capel carried out large trade in which it crossed the bid-ask spread. The contract was followed by Abbey National, which released results yesterday, trading 1,570 contracts, the March 260 calls busy.

[illegible][illegible]

brand with high recognition that had been dormant for years. One of her successes was to double the market share of the 0-2 years in two years. Overall, she moved Ladybird from fifth to third in terms of childrenswear market share, behind M & S and Mothercare.

In the past year she has had various consultancies, including with Mothercare, out of which the new job arose. "The trick is to protect Mothercare as much as possible on the fashion side while retaining the responsible, caring image."



of RFL, which preserves an arm's length relationship with its largest shareholder, says that "Edward Edwards had made 'a tremendous contribution in terms of his personal enthusiasm and drive, and the atmosphere he helped to create.' His replacement, David Edwards, a former training, is "the archetypal finance director, who will bring control and a more structured management style", according to Fort.

An outgoing and highly experienced defender of the industry, Edwards, 67, had clashed repeatedly with British Coal chairman Neil Clarke. Both Edwards and Butler are members of British Coal, with 36 years' service between them.

The issued and outstanding share capital per January 31, 1992 amounts to NLG 3.136.635.060,- nominal value, consisting of 1 priority share with a nominal value of NLG 5,-, 362.503.010 preference shares, each with a nominal value of NLG 5,- and 264.824.001 ordinary shares, each with a nominal value of NLG 5,-.

Rabobank Nederland has announced that the reported capital interest consists of 0,05% ordinary shares and 5,59% depository receipts for registered preference shares of ABN AMRO Holding N.V.

ABN-AMRO Holding N.V.

INDEXIA
*Leaders in Technical Analysis
 and Traded Options Software*
 18 Riverview, Watou-on-Thames, KT12 2PR
 Tel: (0932) 220349 Fax: (0932) 242344

	FINANCIAL FUTURES AND FOREIGN EXCHANGE SERVICE 24 HOURS	CAL Futures Ltd 122 Queen Victoria Street London EC4V 4BS Tel: 071-329 3050 Fax: 071-329 3915
---	--	---

Bond Futures Fax - FREE 2 week trial
from Chart Analysis Ltd
7 Swallow Street, London W1R 7HD, UK -
Interest rate specialists for over 22 years

ask Anne Whitby
Tel: 071-734 7174
Fax: 071-439 4966

...Y...S...£...DM...
IF YOU HAVE A VIEW, TAKE A POSITION
 CONTACT: ADRIAN FRANKLIN ON 071-245 0098
 ECU FLEET PLC, 29 CHANCERY PLACE, SWIN HILL,
 DEALING HOUSES FLOOR 8.00 AM TO 9.15 PM

FINANCIAL TIMES WEDNESDAY MARCH 4 1992

مكتبة ابن الجوزي

VICE

ARTICLE IN PRESS

[illegible][illegible]

1	Other stocks are denominated	
2	into the dollar.	
3	1980-1981	
4	and P-E ratios. Dividends	
5	Market capitalization shows	
6	Adjusted price/earnings ratios	
7	fall, while P/E ratios, book	
8	value ratios, and dividend	
9	yield ratios all rise. The	
10	including exceptional	
11	earnings. The average	
12	value of corporate	
13	estimated that Apple	
14	values, along with the	
15	one-quarter time price	
16	inventories converted and	
17	1980-1981	
18	1980-1981	
19	1980-1981	
20	1980-1981	
21	1980-1981	
22	1980-1981	
23	1980-1981	
24	1980-1981	
25	1980-1981	
26	1980-1981	
27	1980-1981	
28	1980-1981	
29	1980-1981	
30	1980-1981	
31	1980-1981	
32	1980-1981	
33	1980-1981	
34	1980-1981	
35	1980-1981	
36	1980-1981	
37	1980-1981	
38	1980-1981	
39	1980-1981	
40	1980-1981	
41	1980-1981	
42	1980-1981	
43	1980-1981	
44	1980-1981	
45	1980-1981	
46	1980-1981	
47	1980-1981	
48	1980-1981	
49	1980-1981	
50	1980-1981	
51	1980-1981	
52	1980-1981	
53	1980-1981	
54	1980-1981	
55	1980-1981	
56	1980-1981	
57	1980-1981	
58	1980-1981	
59	1980-1981	
60	1980-1981	
61	1980-1981	
62	1980-1981	
63	1980-1981	
64	1980-1981	
65	1980-1981	
66	1980-1981	
67	1980-1981	
68	1980-1981	
69	1980-1981	
70	1980-1981	
71	1980-1981	
72	1980-1981	
73	1980-1981	
74	1980-1981	
75	1980-1981	
76	1980-1981	
77	1980-1981	
78	1980-1981	
79	1980-1981	
80	1980-1981	
81	1980-1981	
82	1980-1981	
83	1980-1981	
84	1980-1981	
85	1980-1981	
86	1980-1981	
87	1980-1981	
88	1980-1981	
89	1980-1981	
90	1980-1981	
91	1980-1981	
92	1980-1981	
93	1980-1981	
94	1980-1981	
95	1980-1981	
96	1980-1981	
97	1980-1981	
98	1980-1981	
99	1980-1981	
100	1980-1981	

London
Real time share
calling FT Cityline
FT Cityline can
confidentially per
you a real time
personal invest
For a free FT Ci
Directory or to c
Portfolio PIN cal
on (071) 925 212
Calls charged at
and 48p per min

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

Abbey Unit Trk Mgrs 110001H
80 Montgomery Rd Broomfield **8343 72777**
 High Income
 Gifts & Fixed Inc 0:118 1 118 1st 123 1 118 20
 High Inc Equity 0:123 2 123 2 123 1 123 20
 Mortgage Debt 0:214 1 214 1st 133 1 133 20
 Capital Growth 1:118 1 118 1st 123 1 123 20

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate. 4p/min. Unit Trust Code Booklet ring (071) 925-2128

دست امین

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surges past Y130 mark

THE DOLLAR surged through the Y130 barrier yesterday after more good news on the US economy, beginning what some dealers see as a possible prolonged upward push.

It closed at Y130.80, having touched Y130.99, after a climb to Y129.65/69 in New York, and Y130.45/55 in Tokyo.

It was less buoyant against the D-mark, but still finished 1 1/2 pence higher at DM1.6640.

The rise began after Monday's unexpected increase in the National Association of Purchasing Management index, continued overnight, and was sustained yesterday by more encouraging figures. January's leading indicators showed their biggest increase for six months up by 0.9 per cent, compared with an expected 0.7 per cent, while new home sales were up 12.9 per cent to their highest level for two years.

Dr Mark Austin, economist at HongKong & Shanghai Banking Corp., said: "People are now starting to believe that things are on the turn, and it will probably take a lot to knock the dollar down."

"The market seems prepared to ignore any negative indicators and get strongly on positive ones."

Dollar optimism was dented slightly, however, by a state-

ment by Mr Alan Greenspan, the Federal Reserve chairman, that signs of recovery were "quite tentative" and that he did not rule out adjusting money growth if they began to falter. The market is also waiting for Friday's payroll figures with some anxiety, although it is increasingly felt that these may also be encouraging.

The dollar is now expected to challenge the DM1.6640 level, where it has previously met resistance, and head towards Y132.

It may meet resistance at that level, but the Bank of Japan appeared not to have intervened at Y130 yesterday, possibly because it expected heavy sell-orders at Y130, which failed to materialise. Some dealers also believe the BoJ was badly stung the last time it intervened to try to keep the dollar below Y128 and was able only temporarily to

halt the advance.

The strength of the US currency was reported to have prompted the Bank of Canada to intervene to support the Canadian dollar, which slipped to C\$1.1912. It also knocked the D-mark, which fell back slightly in the EMS to only 30 per cent above its central level, against 34 per cent on Monday.

It dropped to a six-month low of FF3.3875 against the French franc, although this was seen to be a result of D-mark weakness rather than any inherent strength in the franc.

Sterling held steady against the D-mark at DM2.8900. It was encouraged slightly by a larger-than-expected rise of 81stn, showing there had been little need to intervene in sterling's support over the month. But it fell against the dollar, ending at \$1.7400, compared with \$1.7555 on Monday.

EMS EUROPEAN CURRENCY UNIT RATES				
Currency	Unit	Rate	% Change	Unit
Belgium	100	129.347	-0.2	DM
France	100	130.800	+0.1	DM
Germany	100	130.800	+0.1	DM
Italy	100	136.363	+0.1	DM
Netherlands	100	136.363	+0.1	DM
Spain	100	166.667	+0.1	DM
UK	100	174.000	+0.1	DM
Yen	100	163.889	+0.1	DM

Unit rates set by the European Commission. Currencies are in descending order of strength. Percentage change is for the day. A positive change denotes a weak currency, a negative change a strong one. The percentage change is calculated on the basis of the previous day's closing rate.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

Forward rates are quoted for the period from the date of the transaction to the date of the transaction.

FINANCIAL FUTURES AND OPTIONS

LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
94	4.00	4.10	0.10
95	3.50	3.60	0.10
96	3.00	3.10	0.10
97	2.50	2.60	0.10
98	2.00	2.10	0.10
99	1.50	1.60	0.10
100	1.00	1.10	0.10
101	0.50	0.60	0.10
102	0.00	0.10	0.10

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

Estimated volume total, Call 2074 Put 2087
Previous day's open int. Call 2054 Put 2025

LIFE LONG GILT FUTURES OPTIONS

\$100,000 notional or 100%				
Strike	Calls-settlements		Puts-settlements	
Price	Jun	Sep	Jun	Sep
95	4-04	4-07	0-32	1-35
96	3-18	3-32	0-46	1-60
97	2-37	2-61	1-01	2-25
98	1-62	2-30	1-26	2-58
99	1-29	2-02	1-57	3-30
100	1-03	1-42	2-33	4-06
101	0-46	1-23	3-10	4-90
102	0-32	1-04	3-60	5-32

Estimated volume total, Calls 52 Puts 24
Proforma day's open int. Calls 628 Puts 480

هكذا في نسخة

CANADA

Sales Stock High Low Close Chng																											
TORONTO																											
4.00 pm price March 3																											
Quotations in cents unless marked \$																											
57100 Crow-Cox	523 1/2	515 1/2	515 1/2	-1/2	5400 Laurent Gp	56 1/2	56 1/2	56 1/2		56000 Ryftmco	58 1/2	58 1/2	58 1/2	+1/2													
4800 Columbia	510	510	510	-1/2	3000 Lehigh	56 1/2	56 1/2	56 1/2		15000 Sturman	517 1/2	517 1/2	517 1/2	+1/2													
37000 Croy-Gre	130	130	130	-1/2	3000 Lehigh	56 1/2	56 1/2	56 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
26500 Dorian	54 1/2	54 1/2	54 1/2	+1/2	10500 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518 1/2	518 1/2	518 1/2	+1/2													
5000 Dorian	51 1/2	51 1/2	51 1/2	+1/2	12000 MacKenzie	57 1/2	57 1/2	57 1/2		72000 Super-C	518																

[illegible]

STANDARD AND POOR'S									
Composite 6-1									
	412.85	412.45	412.70	413.86	412.77	407.38	422.77	4.40	FRANCE
Domestic	159.11	156.20	159.11	159.11	159.11	159.11	159.11	159.11	FRANCE
International	491.99	490.99	491.88	492.43	491.99	491.99	491.99	491.99	FRANCE
Financials	34.4	34.86	34.73	34.88	34.4	34.86	34.73	34.88	FRANCE
NYSE Composite	228.43	228.30	228.51	228.75	228.43	228.30	228.51	228.75	FRANCE
NASDAQ Composite	415.49	414.41	415.09	416.04	415.49	414.41	415.09	416.04	FRANCE
NASDAQ Micro Cap	634.26	635.47	637.47	633.93	634.26	635.47	637.47	633.93	FRANCE
FRANCE									
	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0	404.2	779.99 (91)
FRANCE	408.5	401.8	407.4	412.1	405.0	404.2	405.0		

[illegible][illegible]

TOKYO - Most Active Stocks					
Tuesday 3 March 1992					
	Stocks	Closing	Change		Stocks
	Traded	Prices	on day		Traded
Suntory Chem.	11,25	44	+25	Ishihara Pharm	3,31
Ishihara Chem.	7,41	1,170	-30	Nippon Steel	3,21
Daiichi Pharm	6,31	1,810	+10	Daiichi Pharm	2,66
Mitsubishi Pharm	6,21	9,850	-90	Mitsubishi Pharm	2,61
Chiyoda	5,31	1,230	-80	Nippon Mining	2,41

On Business in Turkey ?

• When you are at the following hotels:

ISTANBUL

WITON 

#11 ON Sheraton Istanbul
 (0071) & (104) 1111

- When you are travelling

scheduled flights from and to:
ISTANBUL with

EXPANDED WITH
TURKISH AIRLINES

TURKISH AIRLINES 

TURKISH

BUSINESS CLASS
AIRLINES

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

11. *Journal of the American Medical Association*, 2000; 284: 2689-2694.

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on next page

NASDAQ NATIONAL MARKET[illegible]

4:00 pm prices March 3

[illegible]

INDIA 1992

The FT proposes to publish this survey on May 28 1992. This survey will be read in 160 countries worldwide, including India where it will be widely distributed. In Europe 92% of the professional investment community regularly read the FT. If you want to reach this important audience, call

Louise Hunter
071 873 3238
or Fax 071 873 3079.

ET SURVEYS

[illegible]

AMERICA

Housing starts data help Dow to record high

Wall Street

DESPITE ANOTHER rise in bond yields, an increase in monthly housing starts and a rise in leading economic indicators helped the Dow Jones Industrial Average reach another new record close yesterday, writes Patrick Harrington in New York.

At the end of trading the Dow was up 14.98 at 3,380.25, eclipsing its previous record close of 3,383.32 which was achieved last week. The more broadly based Standard & Poor's 500 also ended firmer, up 0.41 at 412.86, while the Nasdaq composite of over-the-counter stocks, still prey to profit-takers, edged 1.22 lower to 624.25. Turnover on the NYSE was 292m shares, and rises outpaced declines by 906 to 780.

On Monday the main influence on stock market sentiment was the big jump in bond yields, and the fear that high long-term interest rates might stifle the economic recovery. Yesterday, however, the market shrugged off another increase in bond yields, concentrating instead on the rise in January leading indicators and the 12.9 per cent advance in monthly housing starts.

Both sets of data back up other recent evidence pointing to a modest recovery in economic activity.

ITT jumped 3.4% to \$69.9 in turnover of 1.8m shares after the company announced that it expected to realise a \$400m gain from the sale of its 30 per cent stake in Alcatel NV, the telecommunications subsidiary of Alcatel Alsthom of France.

ITT also said that it may use the cash to buy back some of its own stock.

UAL rose 1/4% to \$15.5 after the airline filed with the Securities and Exchange Commission plans for a shelf offering of up to \$1bn of equipment trust certificates.

Toys 'R Us firmed 1/4% to \$35.7 in busy trading after Mr Michael Exstein, general manager of County NatWest, reiterated his "buy" recommendation on the stock, arguing that the decline

of the toy retailer's main rivals, especially Child World, to focus on profitability will year, but many of them had a lot of ground to make up after an unhappy close to 1991.

The FT-Actuaries index for Europe, excluding the UK, ended 10.5 per cent higher last year. According to County NatWest, the construction and building materials component showed a rise in local currency terms of just 0.9 per cent.

The sector dropped 12.5 per cent in the fourth quarter of 1991. Continental Europe joined the real estate casualty list last year and worldwide construction activity is forecast to be weak well into 1993, especially where central business district office buildings are concerned.

Construction is an industry where luck matters, accidents happen and mistakes are often punished unmercifully. Country by country, and share by share, it produced some stark contrasts in 1991.

In France, Bouygues outperformed the sector, and Europe

European building stocks enjoy return to favour

But many had a lot of ground to make up after an unhappy close to 1991, says William Cochrane

European construction stocks have enjoyed a return to favour this year, but many of them had a lot of ground to make up after an unhappy close to 1991.

The FT-Actuaries index for Europe, excluding the UK, ended 10.5 per cent higher last year. According to County NatWest, the construction and building materials component showed a rise in local currency terms of just 0.9 per cent.

The sector dropped 12.5 per cent in the fourth quarter of 1991. Continental Europe joined the real estate casualty list last year and worldwide construction activity is forecast to be weak well into 1993, especially where central business district office buildings are concerned.

Construction is an industry where luck matters, accidents happen and mistakes are often punished unmercifully. Country by country, and share by share, it produced some stark contrasts in 1991.

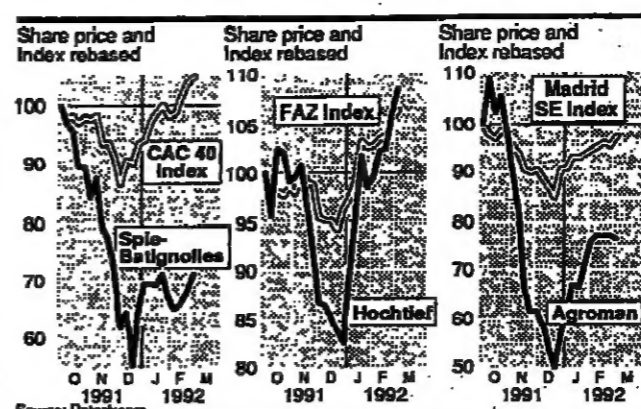
In France, Bouygues outperformed the sector, and Europe

as a whole in 1991, rising 16.5 per cent. This compared with a 22.7 per cent drop at Spie Batignolles, Schneider's building, civil and industrial engineering subsidiary which accelerated into a 41.2 per cent slump in the final three months of the year.

Both companies outperformed Europe in January, but Schneider said earlier this month that Spie had slumped into net losses of FF950m for 1991 against a previous net profit of FF225m. In February, Spie's share price ended more or less where it started, while Bouygues rose 3.5 per cent and the Paris market's CAC 40 index by 5.8 per cent.

James Capel said in mid-February that interest in Spie shares could only be justified by hopes of:

- A rapid improvement in earnings at the operating level, which they discount as slim;
 - Schneider disposing of one or more Spie divisions.
- "It is also possible that Schneider might decide to take advantage of the present weak-



ness in the share price and buy up the minority interest," said Capel. "However, only the brave should be prepared to buy on this expectation."

In Spain, Agroman stood out in a sector full of deep downturns, with a fall of 45 per cent in the final quarter, recovering to produce a recovery of about 35 per cent since then. Mr Miguel Olabarri of Schroder Securities says that, following

the Spanish budget guidelines for 1992 published last summer, the sector reacted to drastic cuts in infrastructural expenditure.

Agroman is medium-large by Spanish standards, ranking number four in the country. It sub-contracts very little of its work compared with other construction groups, says Mr Olabarri, leaving it relatively exposed when a crunch comes.

the corollary is that recovery hopes have the reverse effect. Austria's Universale-Bau offers a parallel to its Spanish counterpart with a fall of 49.2 per cent in October/December followed by a subsequent rally of 30 per cent. Here, Mr Andrew Thomson of Kleinwort Benson noted two years ago that Universale was the company most geared to the then promising Viennese property market.

Mr Thomson's colleague, Mr Frank Jönusch, adds that Universale's final quarter was also hit by enormous problems in an aluminium smelting operation that forced it to raise provisions on the project from Sch500m to Sch795m and, under Austrian law, forced it to pass its dividend. Kleinwort adds that Universale probably does not rate its recent performance against the Vienna market, itself up by around a fifth this year.

In Germany, however, Hochtief still exemplifies the hopes of a boom amplified, and extended by German reunifica-

tion. Mr Roderick Hinkel and Mr Robert Willis of Hoare Govett said on January 2 that the sector had unprecedented opportunities to make both substantial and long-term earnings gains and tipped Hochtief at DM83.

Hochtief shares had fallen by just 10 per cent in 1991 compared with drops of 23 per cent for Spie, 57 per cent for Universale and 49 per cent for Agroman. Since then they have risen by 20 per cent.

Germany's construction prospects are seen as broadly-based, and solid, despite arguments about whether the country itself is or is not in recession. Mr Michael Geiger of County NatWest says that east Germany is likely to see a 17.5 per cent rise in construction output this year, against a 2 per cent gain for the west.

"This industry is not going over a cliff in the next few years," says Mr Geiger. "Its order backlog will last for more than a year, and its new orders intake is fantastic."

EUROPE

German turnover more than doubles as foreigners buy

MOOTED on Monday, foreign buying came in to lift German shares, while corporate news moved equities in Paris and Zurich, writes Our Markets Staff.

FRANKFURT reported foreign buying as German stock market turnover, cut back by carnival on Monday, more than doubled from DM3.5bn to DM7.8bn. The big four international blue chips, Siemens, Daimler, Deutsche Bank and Volkswagen, accounted for more than DM4bn of the turnover total as the FAZ index rose 6.15 to 715.44 at mid-session, and the DAX closed 15.44 better to 1,783.31, its highest close since August, 1990.

Hopes that the US economy is recovering lifted Daimler and Siemens in particular, with gains of DM11.60 to DM768.50, and DM11 to DM699.50 respectively.

Elsewhere there was relative weakness in engineers and some steels, and in most retailers although Kaufland went against the trend with a DM10 rise to DM527.50. Last week

FT-SE Eurotrack 100 - Mar 3							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1173.51	1173.64	1174.96	1175.57	1176.55	1176.81	1176.46	1176.44
Day's High 1177.17			Day's Low 1173.41				
Mar 2							
1169.17	Feb 28 1169.95	Feb 27 1167.25	Feb 26 1165.89	Feb 25 1165.89	Feb 24 1165.42	Feb 23 1165.42	Feb 22 1165.42

Kaufland indicated a 33 per cent rise in profits for 1991, and another good year in 1992.

PARIS was dominated by Alcatel Alsthom on the news that it was buying in ITT's 30 per cent stake in its Alcatel NV telecommunications subsidiary. The CAC-40 rose 4.10 to 1,933.77, off a day's high of 1,990.25. Volume improved to FF2.3bn, of which Alcatel accounted for 15 per cent.

Alcatel closed FF12 higher at FF620 with 563,930 shares traded. Analysts said that Alcatel had struck a good deal by offering cash and shares to ITT and that the operation was not seen as dilutive; indeed, it was likely to enhance earnings

per share by about 5 per cent this year. The downside of the deal is that Alcatel's gearing is likely to rise to between 35 per cent and 40 per cent from around 20 per cent.

MILAN closed broadly lower as volume dwindled ahead of the general election next month. The banking sector was depressed by reports that Moody's, the US credit rating agency, was concerned that the rapid growth of bank loans in Italy would lead to a deterioration in debt quality. The Comit index fell 2.96 to 539.42 in turnover estimated at not more than Monday's 1.75bn.

Among banks, BCI fell 2.1 per cent to L84 to L84.1 while per share by about 5 per cent this year. The downside of the deal is that Alcatel's gearing is likely to rise to between 35 per cent and 40 per cent from around 20 per cent.

Credito Italiano eased L61 or 2.9 per cent to L2,040.

The insurance sector remained weak in the wake of President Francesco Cossiga's scuppering of an important reform of car insurance premiums at the weekend. A flight to quality supported Generali, which added L30 to L30.710.

ZURICH moved on company news, Aluisse bearers topping the active list and falling SF736 to SF738 on a 62 per cent drop in profits and a share split and Sulzer, the engineer, seeing its registered up SF770 to SF7550 on cooperation with a Japanese company, a plan to abolish restrictions on foreign shareholdings immediately, and a share split here, too.

The all-share SPI index rose 3.8 to 1,151.9. Swiss Bank Corp (SBC) bearers rose SF72 to SF732 ahead of today's annual news conference; meanwhile, trading in Banca Della Svizzera Italiana, in which SBC holds a majority, was suspended pending an announcement, also today.

BRUSSELS maintained its strong run with the Bel-20 index closing up 5.51 at 1,234.72, its second successive record high. Turnover was BFR1.2bn against BFR1.49bn. Delhaize was active and hit a record high of BFR3,330, before closing up BFR90 at BFR3,270.

Groupe AG, the insurer, rose BFR30 to BFR2,230, but Générale Bank, its possible partner in a merger, slipped back BFR10 to BFR5,750.

AMSTERDAM finished mixed, the CBS Tendency index closing up 0.8 at 127.0 in turnover of F1762.4m.

DSM, the chemicals group, gained strongly, partly on options trading and closed up F12.50 or 2.3 per cent at F110.0 ahead of 1991 results next Monday. Philips gained F1.10 or 3 per cent to F137.6 on good institutional demand.

Böhrmann Tetterode recovered some of Monday's losses and finished up 20 cents at F43.20.

Heineken continued to rise and closed up 60 cents at F188.40. Its 1991 results are due tomorrow and net profits

are forecast around F135m.

MADRID slipped back slightly in dull trading. The general index closed down 0.81 at 255.55 in turnover of Pta14.6bn. The banking sector weakened after early gains. Iberdrola put on Pta2 at Pta783 in trade of 2.5m shares. Telefonica's initial rise of Pta5 was wiped out when Wall Street opened and it closed unchanged at Pta1.175.

OSLO rose nearly 2 per cent, the all-share index closed up 8.28 at 427.19 in turnover of Nkr332.28m. Norsk Hydro gained Nkr4.5 to Nkr146, while Saga Petroleum free shares added Nkr1 to Nkr51.

STOCKHOLM rose in good volume, the ÅRSVÄRDEN General index closing 10.4 higher at 961.3 in turnover of Skr525m. HELSINKI tumbled again on profit-taking, the Hesi index falling 13.4 to 888.5.

ISTANBUL's slide continued and the 75-share index fell 47.01 to 3,455.39, a drop of 4.9 per cent on this week so far and the lowest close since November 1990.

ASIA PACIFIC

Nikkei falls 2% as rate cut hopes fade

Tokyo

THE NIKKEI average fell 2 per cent yesterday as expectations of an interest rate cut diminished in the face of a weaker yen and higher bond yields, writes Emiko Terazono in Tokyo.

The 225-issue average closed down 438.11 at the day's low of 21,051.71. The index gained briefly in the morning on continued strength in bio-technology stocks, hitting the day's high of 21,529.81. However, profit-taking by dealers and arbitrage unwinding pushed it lower again.

Volume rose to 240m shares from 200m as investors sold the auto, electronics and drug sectors. Declines outnumbered advances by 742 to 207 with 175 issues unchanged. The Topix index of all first section stocks fell 18.64 to 1,542.43 and, in London, the ISE/Nikkei 50 index fell 3.19 to 1173.83.

The fall in drug stocks, which have been actively traded during the past week, depressed sentiment.

Some traders noted a shift in interest to environmental protection stocks. Japan Storage Battery, which produces batteries for electric cars, rose Y30 to Y1,100 while Ebara, the industrial pump-maker known for its sewage technology, added Y10 to Y1,580.

Sunimoto Chemical, the most active issue of the day, rose Y38 to Y474 on heavy buying by a UK brokerage house. Speculation that the company's affiliate would team up with a British drug maker prompted some investors to pursue the stock.

Aids-related issues, which had led the recent rally, fell on profit-taking. Mochida Pharmaceutical fell Y90 to Y3,680 and Nippon Mining retreated Y9 to Y475.

A total of 73 issues hit new lows since the beginning of last year. Concerns over slowing corporate earnings depressed Hitachi which declined Y13 to Y822 and Nissan Motor, down Y26 to Y610.

In Osaka, the OSE average fell 243 to 22,906.06 in volume of 54.3m shares. The OSE announced yesterday that it will terminate trading in its "Stock Futures 50", a futures contract based on 50 stocks

listed on the OSE, from March 12.

The contract, launched in 1987, was the first futures contract to be listed on a Japanese stock exchange. Although daily volume rose above 5,000 contracts since its launch, investors abandoned the contract after the listing of the Nikkei 225 futures in 1988. Trading in Stock Futures 50 has since fallen to just one trade per day.

Roundup

THE Pacific Rim ended lower, depressed by the fall in Tokyo, but Indian share prices soared through a third successive record breaking day, boosted by Saturday's budget.

BOMBAY'S BSE index kept another 139.53, or 4.2 per cent, to a new closing peak of 3,472.78. The index has risen by 22 per cent since the budget, and some 80 per cent since the beginning of the year.

Brokers said that at least 80 private mutual funds are waiting approval to launch, hoping to bring about Rs160bn into the stock market, and that state-owned investment institutions and mutual funds, which used to offload stocks to stabilise the market, have stopped selling.

HONG KONG ended lower in quiet trading as investors took profits following the market's recent record-breaking rally. The Hang Seng index lost 41.06 to 4,911.13. Hutchison fell 10 cents to HK\$16 on talk that it plans to make a rights issue.

SEOUL fell following the suspension of trading in Sammi Steel shares after rumours, later denied, that the company had sought court protection from creditors. The composite index fell 4.73 to 615.92 in turnover of Won326.25bn.

TAIWAN was pulled lower in late selling and the weighted index closed down 87.73 at 5,066.64 in turnover of T\$353bn.

MANILA fell as investors remained nervous ahead of May's presidential election. The composite index closed down 14.37 at 1,157.46 in turnover of P85.52bn. Bangkok Bank rose Bt26 to Bt690.

BANGKOK rose on heavy buying of Bangkok Bank in the last hour of trading. The SET index ended 9.42 up at 789.52 on turnover of Bt5.52bn. Bangkok Bank rose Bt26 to Bt690.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS										TUESDAY MARCH 3 1992										MONDAY MARCH 2 1992										DOLLAR INDEX									
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Yield										
Australia (89)	146.21	-0.7	123.73	122.06	124.98	128.45	-0.4	4.30	146.20	123.54	119.99	124.78	126.91	120.31	112.74	4.30	145.88	123.11	119.58	124.56	126.81	120.11	112.74	4.30	145.88	123.11	119.58	124.56	126.81	120.11									
Austria (20)	178.34	-1.2	151.96	147.45	153.50	153.46	-0.5	1.88	180.48	152.42	147.91	153.97	153.95	147.91	153.97	1.88	178.00	151.96	147.45	153.50	153.46	147.91	153.97	178.00	151.96	147.45	153.50	153.46	147.91										
Belgium (45)	141.93	-0.3	120.93	117.34	122.16	119.35	+0.4	4.94	142.36	120.22	116.65	121.41	118.83	151.20	118.04	4.94	141.51	120.69	117.10	122.59	119.76	151.20	118.04	141.51	120.69	117.10	122.59	119.76	151.20										
Canada (115)	134.89	-0.4	114.94	111.53	118.09	118.29	+0.1	3.19	135.47	114.41	111.02	115.24	116.26	148.28	141.10	3.19	134.26	114.41	111.02	115.24	116.26	148.28	141.10	134.26	114.41	111.02	115.24	116.26	148.28										
Denmark (36)	241.53	-0.8	205.80	189.70	207.88	210.82	+0.1	1.70	243.45	205.60	194.52	207.80	210.87	273.94	217.74	1.70	240.93	205.80	189.70	207.88	210.82	273.94	217.74	240.93	205.80	189.70	207.88	210.82	273.94										
Finland (15)	82.94	-3.4	70.67	68.58	71.38	78.86	-2.3	2.15	83.54	69.87	67.88	70.00	72.97	81.28	70.00	2.15	82.94	70.67	68.58	71.38	78.86	81.28	70.00	82.94	70.67	68.58	71.38	78.86	81.28										
France (108)	154.82	-0.6	131.92	128.00	133.24	136.81	+0.2	3.25	155.81	131.59	127.68	132.89	136.32	156.43	119.11	3.25	154.82	131.92	128.00	133.24	136.81	127.68	132.89	154.82	131.92	128.00	133.24	136.81	127.68										
Germany (52)	120.47	-0.1	102.65	99.82	103.89	103.89	-1.0	2.22	120.93	101.71	99.71	102.71	102.71	123.35	99.71	2.22	120.47	102.65	99.82	103.89	103.89	99.71	102.71	120.47	102.65	99.82	103.89	103.89	99.71										
Hong Kong (55)	203.37	-0.7	173.28	168.14	175.05	202.48	+0.7	3.70	204.89	173.59	168.14	175.05	202.48	218.95	168.14	3.70	203.37	173.28	168.14	175.05	202.48	175.05	202.48	203.37	173.28	168.14	175.05	202.48	175.05										
Ireland (18)	161.33	-0.6	137.46	132.39	138.55	141.02	+0.0	3.62	162.26	137.03	132.59	138.39	141.08	162.46	132.59	3.62	161.33	137.46	132.39	138.55	141.02	132.59	138.39	161.33	137.46	132.39	138.55	141.02	132.59										
Italy (77)	74.35	-1.2	63.35	61.47	63.99	68.90	-0.4	3.39	75.28	63.58	61.91	62.21	69.21	82.46	61.91	3.39	74.35	63.35	61.47	63.99	68.90	61.91	62.21	74.35	63.35	61.47	63.99	68.90	61.91										
Japan (473)	116.02	-2.1	98.55	95.92	98.57	95.92	-1.2	0.89	116.51	100.08	97.12	101.08	97.12	118.32	97.12	0.89	116.02	98.55	95.92	98.57	95.92	97.12	101.08	116.02	98.55	95.92	98.57	95.92	97.12										
Malaysia (88)	242.42	-0.8	205.56	200.43	203.64	240.55	-0.9	2.77	244.45	205.56	200.43	203.64	240.55	262.45	200.43	2.77	242.42	205.56	200.43	203.64	240.55	203.64	240.55	242.42	205.56	200.43	203.64	240.55	203.64										
Mexico (18)	175.70	-0.6	150.49	148.90	151.72	150.86	+0.6	0.94	175.81	148.02	143.84	148.66	167.94	176.75	143.84	0.94	175.70	150.49	148.90	151.72	150.86	148.02	143.84	175.70	150.49	148.90	151.72	150.86	148.02										
Netherlands (31)	151.01	-0.3	125.67	124.85	129.26	128.37	+0.5	4.23	151.43	127.68	124.10	123.15	127.68	145.10	124.10	4.23	151.01	125.67	124.85	129.26	128.37	127.68	124.10	151.01	125.67	124.85	129.26	128.37	127.68										
New Zealand (14)	46.32	-1.0	39.47	38.30	39.57	44.82	-1.2	1.13	46.76	39.49	38.33	39.49	45.39	54.84	38.33	1.13	46.32	39.47	38.30	39.57	44.82	39.49	38.33	46.32	39.47	38.30	39.57	44.82	39.49										
Norway (24)	169.51	+1.4	144.43	140.16	145.80	148.26	+2.1	1.64	170.15	144.43	140.16	145.80	148.26	169.51	140.16	1.64	169.51	144.43	140.16	145.80	148.26	145.80	148.26	169.51	144.43	140.16	145.80	148.26	145.80										
Singapore (38)	208.40	-0.7	177.57	172.51	179.38	198.07	-0.5	2.17	209.88	177.25	172.01	179.38	198.07	228.43	172.01	2.17	208.40	177.57	172.51	179.38	198.07	172.01	179.38	208.40	177.57	172.51	179.38	198.07	172.01										
South Africa (81)	218.36	-2.4	185.65	180.54	187.94	178.43	-0.6	2.81	223.84	189.04	183.44	190.91	179.56	271.99	183.44	2.81	218.36	185.65	180.54	187.94	178.43	183.44	190.91	218.36	185.65	180.54	187.94	178.43	183.44										
Spain (52)	157.77	-0.7	134.43	130.45	135.79	124.30	-0.2	4.79	156.85	134.15	130.19	135.48	124.61	171.12	130.19	4.79	157.77	134.43	130.45	135.79	124.30	130.19	135.48	157.77	134.43	130.45	135.79	124.30	130.19										
Sweden (25)	180.44	+0.1	153.73	149.19	155.31	160.27	+0.8	2.81	180.19	154.43	148.82	152.31	160.27	180.19	148.82	2.81	180.44	153.73	149.19	155.31	160.27	155.31	160.27	180.44	153.73	149.19	155.31	160.27	155.31										
Switzerland (59)	122.63	-0.8	94.89	92.41	95.90	92.00	-0.1	2.15	100.43	84.82	82.31	85.67	92.00	112.32	82.31	2.15	122.63	94.89	92.41	95.90	92.00	84.82	82.31	122.63	94.89	92.41	95.90	92.00	84.82										
United Kingdom (233)	178.06	-0.5	151.72	149.21	153.24	151.72	+0.4	4.91	178.06	151.14	146.85	152.82	151.14	177.46	146.85	4.91	178.06	151.72	149.21	153.24	151.72	146.85	152.82	178.06	151.72	149.21	153.24	151.72	146.85										
USA (523)	168.92	+0.0	143.67	135.42	145.13	166.02	+0.0	5.90	168.54	142.34	138.13	143.73	165.54	171.09	138.13	5.90	168.92	143.67	135.42	145.13	166.02	142.34	138.13	168.92	143.67	135.42	145.13	166.02	142.34										
Europe (808)	145.82	-0.5	124.25	120.57	125.51	125.64	+0.4	3.86	145.53	123.75	120.09	124.98	125.16	151.52	120.09	3.86	145.82	124.25	120.57	125.51	125.64	123.75	120.09	145.82	124.25	120.57	125.51	125.64	123.75										
Nordic (100)	174.37	-0.2	148.57	144.17	150.08	148.17	-0.5	2.16	174.79	147.81	143.24	148.48	147.39	200.62	143.24	2.16	174.37	148.57	144.17	150.08	148.17	147.39	148.48	174.37	148.57	144.17	150.08	148.17	147.39										
Pacific Basin (717)	119.78	-1.9	102.06	99.04	103.10	98.90	-1.2	1.24	122.15	99.04	96.90	102.06	98.90	119.78	96.90	1.24	119.78	102.06	99.04	103.10	98.90	96.90	102.06	119.78	102.06	99.04	103.10	98.90	96.90										
Europe - Pacific (1158)	130.46	-1.3	111.16	107.66	112.25	110.82	-0.5	2.41	132.17	111.82	108.31	112.72	111.35	147.61	108.31	2.41	130.46	111.16	107.66	112.25	110.82	108.31	112.72	130.46	111.16	107.66	112.25	110.82	108.31										
North America (838)	166.48	+0.0	141.85	137.86	143.31	165.06	+0.0	2.92	166.44	140.97	136.42	141.94	165.06	189.09	136.42	2.92	166.48	141.85	137.86	143.31	165.06	140.97	136.42	166.48	141.85	137.86	143.31	165.06	140.97										
Europe Ex. UK (576)	128.03	-0.5	107.39	104.22	110.34	+0.4	3.12	126.63	106.94	103.80	108.32	108.32	128.03	103.80	3.12	128.03	107.39	104.22	110.34	+0.4	103.80	108.32	128.03	128.03	107.39	104.22	110.34	+0.4	103.80										
Pacific Ex. Japan (244)	156.98	-0.8	133.74	129.80	135.11	140.45	-0.6	3.82	158.17	133.74	129.80	135.11	140.45	169.51	129.80	3.82	156.98	133.74	129.80	135.11	140.45	133.74	129.80	156.98	133.74	129.80	135.11	140.45	133.74										
World Ex. US (1720)	122.63	-1.3	112.01	108.67	114.16	113.10	-0.5	2.43	124.34	113.45	110.10	114.56	113.62	146.12	110.10	2.43	122.63	112.01	108.67	114.16	113.10	113.45	110.10	122.63	112.01	108.67	114.16	113.10	113.45										
World Ex. UK (2010)	140.51	-0.8	119.72	116.18	120.94	122.03	-0.3	2.25	141.32	119.69	116.87	120.79	126.50	150.58	116.87	2.25	140.51	119.72	116.18	120.94	122.03	119.69	116.87	140.51	119.72	116.18	120.94	122.03	119.69										
World Ex. Ex. So. Af. (2182)	143.32	-0.7	122.11	118.51	123.36	128.03	-0.3	2.61	144.98	121.89	118.33	123.15	130.16	162.85	118.33	2.61	143.32	122.11	118.51	123.36	128.03	121.89	118.33	143.32	122.11	118.51	123.36	128.03	121.89										
World Ex. Japan (1770)	159.77	-0.2	136.13	132.11	137.53	140.93	+0.1	3.27	160.14	135.24	131.25	136.96	140.74	161.90	131.25	3.27	159.77	136.13	132.11	137.53	140.93	135.24	131.25	159.77	136.13	132.11	137.53	140.93	135.24										
The World Index (2243)	143.77	-0.8	122.60	118.58	123.75	120.37	-0.3	2.61	144.97	122.34	118.73	125.56	130.61	170.70	118.73	2.61	143.77	122.60	118.58	123.75	120.37	122.34	118.73	143.77	122.60	118.58	123.75	120.37	122.34										